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City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Wednesday, May 05, 1999

10:00 AM

City Hall, Room 263

Regular Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 10:10 a.m.

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CONSENT AGENDA

All matters listed hereunder constitute a Consent Agenda, are considered to be routine and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee so requests, in which event the matter shall be removed from the Consent Agenda and considered as a separate item.

990769 [Emergency Repair, Polk Street Brick Sewer]

Resolution approving the expenditure of funds for the emergency work to replace the structurally inadequate brick sewer on Polk Street from Grove Street to McAllister Street - \$98,330. (Public Utilities Commission)
4/21/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

RECOMMENDED..

990770 [Emergency Repair, Harrison Street Sewer]

Resolution approving the expenditure of funds for the emergency work to replace the structurally inadequate sewer on Harrison Street from 5th Street to 6th Street and to modify the existing Merlin-Morris Pump Station - \$599,077. (Public Utilities Commission)

4/21/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

RECOMMENDED..

990771 [Emergency Repair, Green Street Sewer]

Resolution approving the expenditure of funds for the emergency work to replace the structurally inadequate brick sewer on Green Street from Polk Street to Van Ness Avenue - \$178,121. (Public Utilities Commission)

4/21/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

RECOMMENDED..

- 990772 [Emergency Repair, 60 Scenic Way Easement Sewer]**
Resolution approving the expenditure of funds for the emergency work to replace the structurally inadequate easement sewer on 60 Scenic Way at 26th Avenue - \$73,074. (Public Utilities Commission)
4/21/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.
RECOMMENDED..
- 990773 [Emergency Repair, Howard/First Streets Sewer]**
Resolution approving the expenditure of funds for the emergency work to replace the structurally inadequate sewer at the intersection of Howard and First Streets - \$113,800. (Public Utilities Commission)
4/21/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.
RECOMMENDED..
- 990774 [Emergency Repair, Polk Street Brick Sewer]**
Resolution approving the expenditure of funds for the emergency work to replace the structurally inadequate brick sewer on Polk Street from Sutter Street to Bush Street - \$310,650. (Public Utilities Commission)
4/21/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.
RECOMMENDED..
- 990775 [Emergency Repair, Van Ness Avenue Brick Sewer]**
Resolution approving the expenditure of funds for the emergency work to replace the structurally inadequate brick sewer on Van Ness Avenue from McAllister Street to Golden Gate Avenue - \$237,490. (Public Utilities Commission)
4/21/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.
RECOMMENDED..
The foregoing items were acted upon by the following vote:
Ayes: 3 - Yee, Bierman, Ammiano

REGULAR AGENDA

- 990681 [Prop J Contract, Legal Process Server Services]**
Resolution concurring with the Controller's certification that legal process server services can be practically performed for the District Attorney, Family Support Bureau, by a private contractor for a lower cost than similar services performed by City and County employees. (District Attorney)
4/8/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.
Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Ed Harrington, Controller; Supervisor Ammiano.
RECOMMENDED by the following vote:
Ayes: 3 - Yee, Bierman, Ammiano

990721 [Prop J Contract, Facility Security Services]

Resolution concurring with the Controller's certification that facility security services for the Public Transportation Commission can be practically performed by a private contractor at a lower cost than by City and County employees. (Public Transportation Commission)

4/14/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Ed Harrington, Controller; Supervisor Yee; Supervisor Ammiano. Amended to provide retroactivity; new title.

AMENDED.

Resolution concurring retroactively, with the Controller's certification that facility security services for the Public Transportation Commission can be practically performed by a private contractor at a lower cost than by City and County employees. (Public Transportation Commission)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990720 [Lease of Property, 30 Van Ness Avenue]

Resolution authorizing a lease at 30 Van Ness Avenue (3rd Floor), for the Employee Retirement System. (Real Estate Department)

4/14/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Tony DeLucchi, Real Estate Department; Claire Murphy, Executive Director, Retirement System; Supervisor Yee; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990725 [Lease of Property, 225 Valencia Street]

Resolution authorizing the lease of real property at 225 Valencia Street, 1st and 2nd Floors, for the Department of Human Services. (Real Estate Department)

4/14/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Tony DeLucchi, Real Estate Department; Jan Esbaugh, Human Resources Department; Supervisor Ammiano; Supervisor Bierman; Supervisor Yee.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990726 [Appropriation, Emergency Communications Department]

Ordinance appropriating \$2,773,766, Emergency Communications Department, City Wide Communication Series 1993 Bond proceeds and interest income, for the purchase of Motorola mobile desktop radio units and accessories, and installation of a fiber optic Metropolitan Area Network (MAN) for fiscal year 1998-1999. (Mayor)

(Fiscal impact.)

4/14/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Harvey Rose, Budget Analyst, Mike Martin, Emergency Communications Department; Supervisor Yee; Supervisor Ammiano. Amended to indicate the correct source of funds. "Series 1993" should be "Series 1998-1 and 1999-1"; new title.

AMENDED.

Ordinance appropriating \$2,773,766, Emergency Communications Department, City Wide Communication Series 1998-I and 1999-I Bond proceeds and interest income, for the purchase of Motorola mobile desktop radio units and accessories, and installation of a fiber optic Metropolitan Area Network (MAN) for fiscal year 1998-1999. (Mayor)

(Fiscal impact.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990762 [Roof Equipment License Agreement]

Resolution authorizing a retroactive roof equipment license extension agreement for 555 California Street for the Municipal Railway. (Real Estate Department)

4/19/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Ammiano; Charles Lewis, Municipal Railway; Tony DeLucchi, Real Estate Department.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990732 [Reserved Funds, Municipal Railway]

Hearing to consider release of reserved funds, Municipal Railway, (Federal Surface Transportation funds, File 94-92-8, Resolution No. 906-92), in the amount of \$423,862, to fund the MUNI Metro Tunnel modifications. (Public Transportation Commission)

4/15/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Continued to May 12, 1999 at the request of the Department.

CONTINUED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990801 [Reserved Funds, Dept of Administrative Services]

Supervisor Yee

Hearing to consider release of reserved funds, Department of Administrative Services, (Fiscal Year 1998-1999 Budget), in the amount of \$350,000 to fund the City Hall Child Care Center. (Administrative Services Department)

4/26/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Debra Alvarez, Mayor's Office of Children, Youth & Their Families; Supervisor Bierman; Supervisor Ammiano; Supervisor Yee; Steve Nelson, Department of Administrative Services; Joe Wilson, Coleman Advocates. Continued to May 12, 1999.

CONTINUED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990424 [Paid Maternity Leave]
Supervisor Ammiano

Hearing on the fiscal impact of one year paid maternity leave for employees of the City and County of San Francisco and tax incentives for business that provide one year paid maternity leave for its employees.

3/1/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Supervisor Ammiano; Clarice Duma, Legislative Analyst; Harvey Rose, Budget Analyst; Michelle Modina, Department of Human Resources; Susan Leal, Treasurer; Richard Sullivan, Tax Collector; Ed Harrington, Controller; Ann Lehman, Policy Analyst, Commission on the Status of Women; Alice Nakahara, M.A.; Mai Mai Quon Ho, Executive Director, Asian Perinatal Services; Robin Levi, Women's Institute for Leadership Development for Human Rights; Mildred Crear, RN, MPH, Director, Bureau of Children, Youth & Families, Department of Public Health; Joe Wilson, Coleman Advocates.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

ADJOURNMENT

The meeting adjourned at 12:35 p.m.

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BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

April 30, 1999

TO: Finance and Labor Committee
FROM: Budget Analyst *Recommendations for meeting of*
SUBJECT: May 5, 1999 Finance and Labor Committee Meeting

Item 1 - File No. 99-0769

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution approving the expenditure of funds for the emergency work to replace a structurally inadequate sewer on Polk Street between Grove and McAllister Streets.

Amount: \$98,330

Source of Funds: FY 1998-99 PUC Repair and Replacement Fund

Description: The Public Utilities Commission (PUC) advises that on October 30, 1998, the sewer located on Polk Street between Grove and McAllister Streets failed, and immediate replacement was required in order to protect the health, welfare, and property of the citizens of San Francisco. The PUC declared an emergency on November 2, 1998. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures, and awarded a contract to Uniacke

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Construction, Inc. which submitted the lowest quotation in the amount of \$101,550.

Budget:

The total actual project cost was \$98,330, including \$77,380 in actual construction costs (or \$24,170 less than the contract award amount, see Comment No. 2) and \$20,950 for DPW engineering and construction management costs.

A summary of this budget is as follows:

Construction Contract	\$77,380
DPW Bureau of Engineering	11,650
DPW Bureau of Construction Management	<u>9,300</u>
Total	\$98,330

Comments:

1. Invitations for proposals were faxed to 30 contractors on November 3, 1998. Five quotations were received by PUC from qualified contractors on November 5, 1998. PUC reports that Uniacke Construction, Inc. submitted the lowest quotation and was awarded the contract in the amount of \$101,550. The following table lists the contractors who submitted quotations and the amounts of the quotations:

<u>Contractor</u>	<u>Quotation</u>
Uniacke Construction, Inc.	\$101,550
Shaw Pipeline, Inc.	\$106,850
J.M.B. Construction, Inc.	\$117,960
Golden Pacific Construction, Inc.	\$165,370
Troy's Contracting & Trinet Construction, Inc.	\$166,490

2. PUC reports that although the contract was awarded in the amount of \$101,550, the final contract cost, after adjustment for actual quantities used during construction, was \$77,380 or \$24,170 less than the contract amount of \$101,550.

3. PUC reports that the replacement of the damaged sewer began on November 9, 1998, and was completed on November 20, 1998.

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4. Mr. P.T. Law of DPW advises that due to various delays in receiving expenditure documentation from the contractor, the PUC is requesting approval of this resolution over five months after the construction work was completed.

Recommendation: Approve the proposed resolution.

Item 2 - File No. 99-0770

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution approving the expenditure of funds for the emergency work to replace a structurally inadequate sewer on Harrison Street between 5th and 6th Streets and to modify the existing Merlin-Morris Pump Station on Morris Street between Bryant and Harrison Streets.

Amount: \$599,077

Source of Funds: FY 1998-99 PUC Repair and Replacement Fund

Description: The Public Utilities Commission (PUC) advises that on July 13, 1998, the sewer located on Harrison Street between 5th and 6th Streets failed, and immediate replacement was required in order to protect the health, welfare, and property of the citizens of San Francisco. PUC also advises that modifications to the Merlin-Morris Pump Station, located on Morris Street between Bryant and Harrison Streets, were required in order to prevent further failures of the subject sewer. The PUC declared an emergency on August 20, 1998. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures, and awarded a contract to Troy/Trinet Construction-JV in the amount of \$504,077

Budget: The total estimated project cost is \$599,077, including \$504,077 in actual construction costs and \$95,000 for DPW engineering and construction management costs.

A summary of this budget is as follows:

Construction Contract	\$504,077
DPW Bureau of Engineering	55,000
DPW Bureau of Construction Management	<u>40,000</u>
Total	\$599,077

Comments: 1. Invitations for proposals were faxed to 28 contractors on September 16, 1998. Three quotations were received

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by PUC from qualified contractors on September 21, 1998. PUC reports that D'Arcy & Harty Construction submitted the lowest quotation in the amount of \$484,990. However, according to Mr. P.T. Law of DPW, after application of business enterprise preferences in accordance with Chapter 12D of the San Francisco Administrative Code, Troy/Trinet Construction-JV, which submitted the second lowest quotation, was awarded the contract in the amount of \$504,077. A preference of approximately \$50,408 or 10 percent was applied to the Troy/Trinet Construction-JV quotation, resulting in the lowest adjusted quotation of \$453,669. The following table lists the contractors who submitted quotations and the amounts of the quotations:

<u>Contractor</u>	<u>Quotation</u>
D'Arcy & Harty Construction	\$484,990
Troy/Trinet Construction-JV	\$504,077
K.J. Woods Construction	\$648,000

2. PUC reports that both the replacement of the damaged sewer and modification of the pump station began on October 1, 1998. The replacement of the damaged sewer was completed on December 24, 1998. However, according to Mr. Law, the pump station modifications have not been completed because the contractor is waiting for pump components and instrumentation from the manufacturer. Mr. Law advises that the pump station modifications are expected to be completed in May of 1999.

3. Mr. Law advises that due to various delays in receiving expenditure documentation from the contractor, the PUC is requesting approval of this resolution over seven months from the start of the construction work.

Recommendation: Approve the proposed resolution.

Item 3 - File No. 99-0771

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution approving the expenditure of funds for the emergency work to replace a structurally inadequate sewer on Green Street between Polk Street and Van Ness Avenue.

Amount: \$178,121

Source of Funds: FY 1998-99 PUC Repair and Replacement Fund

Description: The Public Utilities Commission (PUC) advises that on August 4, 1998, the sewer located on Green Street between Polk Street and Van Ness Avenue failed, and immediate replacement was required in order to protect the health, welfare, and property of the citizens of San Francisco. The PUC declared an emergency on August 12, 1998. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures, and awarded a contract to J.M.B. Construction, Inc. which submitted the lowest quotation in the amount of \$146,105.

Budget: The total actual project cost was \$178,121, including \$145,471 in actual construction costs (or \$634 less than the contract award amount, see Comment No. 2) and \$32,650 for DPW engineering and construction management costs.

A summary of this budget is as follows:

Construction Contract	\$145,471
DPW Bureau of Engineering	17,650
DPW Bureau of Construction Management	<u>15,000</u>
Total	\$178,121

Comments: 1. Invitations for proposals were faxed to 29 contractors on September 9, 1998. Three quotations were received by PUC from qualified contractors on September 14, 1998. PUC reports that J.M.B. Construction, Inc. submitted the

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lowest quotation and was awarded the contract in the amount of \$146,105. The following table lists the contractors who submitted quotations and the amounts of the quotations:

<u>Contractor</u>	<u>Quotation</u>
J.M.B. Construction, Inc.	\$146,105
Troy/Trinet Construction-JV	\$157,650
NCCI/Shimmick-JV	\$238,490

2. PUC reports that although the contract was awarded in the amount of \$146,105, the final contract cost, after adjustment for actual quantities used during construction, was \$145,471 or \$634 less than the contract amount of \$146,105.

3. PUC reports that the replacement of the damaged sewer began on September 21, 1998 and was completed on October 13, 1998.

4. Mr. P.T. Law of DPW advises that due to various delays in receiving expenditure documentation from the contractor, the PUC is requesting approval of this resolution over six months after the construction work was completed.

Recommendation: Approve the proposed resolution.

Item 4 - File No. 99-0772

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution approving the expenditure of funds for the emergency work to replace a structurally inadequate sewer located at 60 Scenic Way between 25th and 26th Avenues.

Amount: \$73,074

Source of Funds: FY 1998-99 PUC Repair and Replacement Fund

Description: The Public Utilities Commission (PUC) advises that on July 16, 1998, the sewer located at 60 Scenic Way between 25th and 26th Avenues failed, and immediate replacement was required in order to protect the health, welfare, and property of the citizens of San Francisco. The PUC declared an emergency on July 20, 1998. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures, and awarded a contract to J.M.B. Construction in the amount of \$50,000.

Budget: The total actual project cost was \$73,074, including \$53,324 in actual construction costs (or \$3,324 more than the contract award amount, see Comment No. 2) and \$19,750 for DPW engineering and construction management costs.

A summary of this budget is as follows:

Construction Contract	\$53,324
DPW Bureau of Engineering	9,650
DPW Bureau of Construction Management	<u>10,100</u>
Total	\$73,074

Comments: 1. PUC reports that it did not utilize an Invitation for Proposals process to award the contract because the emergency at 60 Scenic Avenue required immediate remedial action to ensure public safety. Instead, PUC contacted the first available qualified contractor capable

of performing the subject emergency work and awarded the contract to J.M.B. Construction, Inc. in the amount of \$50,000.

2. As noted above, PUC awarded the contract in the amount of \$50,000. However, the final contract cost was \$53,324,000 (or \$3,324 more than the contract amount of \$50,000) because, according to Mr. P.T. Law of DPW, DPW requested a change order to the contract for the contractor to perform unanticipated additional work reinforcing the support structure of the damaged sewer.

3. PUC reports that the replacement of the damaged sewer began on August 3, 1998, and was completed on November 2, 1998.

4. Mr. Law advises that due to various delays in receiving expenditure documentation from the contractor, the PUC is requesting approval of this resolution approximately six months after the construction work was completed.

Recommendation: Approve the proposed resolution.

Item 5 - File No. 99-0773

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution approving the expenditure of funds for the emergency work to replace a structurally inadequate sewer at the intersection of Howard and First Streets.

Amount: \$113,800

Source of Funds: FY 1998-99 PUC Repair and Replacement Fund

Description: The Public Utilities Commission (PUC) advises that on March 24, 1999, the sewer located at the intersection of Howard and First Streets failed, and immediate replacement was required in order to protect the health, welfare, and property of the citizens of San Francisco. The PUC declared an emergency on March 26, 1999. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures, and awarded a contract to J.M.B. Construction, Inc. which submitted the lowest quotation in the amount of \$88,150.

Budget: The total actual project cost was \$113,800, including \$88,150 in actual construction costs and \$25,650 for DPW engineering and construction management costs.

A summary of this budget is as follows:

Construction Contract	\$88,150
DPW Bureau of Engineering	15,650
DPW Bureau of Construction Management	<u>10,000</u>
Total	\$113,800

Comments: 1. Invitations for proposals were faxed to 26 contractors on March 29, 1999. Four quotations were received by PUC from qualified contractors on March 30, 1999. PUC reports that J.M.B. Construction, Inc. submitted the lowest quotation and was awarded the contract in the amount of \$88,150. The following table lists the contractors who submitted quotations and the amounts of the quotations:

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<u>Contractor</u>	<u>Quotation</u>
J.M.B. Construction, Inc.	\$88,150
Shaw Pipeline, Inc.	\$93,950
K.J. Woods Construction	\$134,000
Miller Thompson Construction	\$219,935

2. PUC reports that the replacement of the damaged sewer began on April 5, 1999 and is expected to be completed on May 7, 1999.

Recommendation: Approve the proposed resolution.

Item 6 - File No. 99-0774

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution approving the expenditure of funds for the emergency work to replace a structurally inadequate sewer on Polk Street between Sutter and Bush Streets.

Amount: \$310,650

Source of Funds: FY 1998-99 PUC Repair and Replacement Fund

Description: The Public Utilities Commission (PUC) advises that on November 5, 1998, the sewer located on Polk Street between Sutter and Bush Streets failed, and immediate replacement was required in order to protect the health, welfare, and property of the citizens of San Francisco. The PUC declared an emergency on November 9, 1998. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures, and awarded a contract to K.J. Woods Construction which submitted the lowest quotation in the amount of \$214,000.

Budget: The total actual project cost was \$310,650, including \$260,000 in actual construction costs (or \$46,000 more than the contract award amount, see Comment No. 2) and \$50,650 for DPW engineering and construction management costs.

A summary of this budget is as follows:

Construction Contract	\$260,000
DPW Bureau of Engineering	27,650
DPW Bureau of Construction Management	<u>23,000</u>
Total	\$310,650

Comments: 1. Invitations for proposals were faxed to 28 contractors on November 13, 1998. Six quotations were received by PUC from qualified contractors on November 17, 1998. PUC reports that K.J. Woods Construction submitted the lowest quotation and was awarded the contract in the amount of \$214,000. The following table lists the

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contractors who submitted quotations and the amounts of the quotations:

<u>Contractor</u>	<u>Quotation</u>
K.J. Woods Construction	\$214,000
Golden Pacific Construction, Inc.	\$217,260
Shaw Pipeline, Inc.	\$224,840
J.M.B. Construction, Inc.	\$236,800
Harty Pipelines, Inc.	\$248,155
Troy/Trinet Construction-JV	\$287,225

2. As noted above, PUC awarded the contract in the amount of \$214,000. However, the final contract cost was \$260,000 (or \$46,000 more than the contract amount of \$214,000) because, according to Mr. P.T. Law of DPW, DPW requested a change order to the contract for the contractor to perform additional work removing unforeseen subsurface obstructions to the damaged sewer.

3. PUC reports that the replacement of the damaged sewer began on November 23, 1998, and was completed on February 24, 1999.

4. Mr. Law advises that due to various delays in receiving expenditure documentation from the contractor, the PUC is requesting approval of this resolution over two months after the construction work was completed.

Recommendation: Approve the proposed resolution.

Item 7 - File No. 99-0775

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution approving the expenditure of funds for the emergency work to replace a structurally inadequate sewer on Van Ness Avenue between McAllister Street and Golden Gate Avenue.

Amount: \$237,490

Source of Funds: FY 1998-99 PUC Repair and Replacement Fund

Description: The Public Utilities Commission (PUC) advises that on October 30, 1998, the sewer located on Van Ness Avenue between McAllister Street and Golden Gate Avenue failed, and immediate replacement was required in order to protect the health, welfare, and property of the citizens of San Francisco. The PUC declared an emergency on November 9, 1998. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures, and awarded a contract to J.M.B. Construction, Inc. which submitted the lowest quotation in the amount of \$170,242.

Budget: The total actual project cost was \$237,490, including \$204,840 in actual construction costs (or \$34,598 more than the contract award amount, see Comment No. 2) and \$32,650 for DPW engineering and construction management costs.

A summary of this budget is as follows:

Construction Contract	\$204,840
DPW Bureau of Engineering	17,650
DPW Bureau of Construction Management	<u>15,000</u>
Total	\$237,490

Comments: 1. Invitations for proposals were faxed to 28 contractors on November 10, 1998. Four quotations were received by PUC from qualified contractors on November 12, 1998. PUC reports that J.M.B. Construction, Inc. submitted the

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lowest quotation and was awarded the contract in the amount of \$170,242. The following table lists the contractors who submitted quotations and the amounts of the quotations:

<u>Contractor</u>	<u>Quotation</u>
J.M.B. Construction Inc.	\$170,242
Troy's Contracting & Trinet Construction, Inc.	\$173,840
Shaw Pipeline, Inc.	\$194,940
Golden pacific Construction, Inc.	\$198,965

2. As noted above, PUC awarded the contract in the amount of \$170,242. However, the final contract cost was \$204,840 (or \$34,598 more than the contract amount of \$170,242) because, according to Mr. P.T. Law of DPW, DPW requested a change order to the contract in the amount of \$20,111 for the contractor to work nights and weekends in order to prevent further traffic congestion on Van Ness Avenue and increased the contract in the amount of \$14,487 to account for actual quantities used during construction.

3. PUC reports that the replacement of the damaged sewer began on November 16, 1998 and was completed on December 17, 1998.

4. Mr. Law advises that due to various delays in receiving expenditure documentation from the contractor, the PUC is requesting approval of this resolution over four months after the construction work was completed.

Recommendation: Approve the proposed resolution.

Item 8 – 99-0681

Department: District Attorney, Family Support Bureau (FSB)

Item: Resolution concurring with the Controller's certification that legal process server services can continue to be practically performed by a private contractor for a lower cost than similar work services performed by City and County employees.

Services to be Performed: Legal Process Server Services

Description: Charter Section 10.104 provides that the City may contract with private firms for services which had been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work services performed by City and County employees. Legal Process Server Services for the District Attorney's Family Support Bureau (FSB) consist of locating and serving non-custodial parents of children with court orders and other legal documentation pertaining to their obligation to provide child support to the custodial parents of those children.

The Controller has determined that contracting for the legal process server services at the FSB for FY 1999-2000 would result in estimated savings as follows:

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	Lowest Salary <u>Step</u>	Highest Salary <u>Step</u>
<u>City-Operated Service Costs</u>		
Salaries	\$276,526	\$326,531
Fringe Benefits	87,437	95,297
Operating Costs	<u>59,040</u>	<u>59,040</u>
Total	\$423,003	\$480,868
<u>Contractual Services Cost*</u>	<u>175,243</u>	<u>179,847</u>
<u>Estimated Savings</u>	\$247,760	\$301,021

*Includes a 0.5 FTE 8158 Family Support Investigator II position for contract monitoring, at a Step 1 annual cost of \$42,047 and a Step 5 annual cost of \$51,026.

Comments:

1. Legal process server services for the FSB were first certified as required by Charter Section 10.104 in 1985 and have been provided by an outside contractor since then.
2. The Contractual Services Cost used by the Controller's Office is the amount budgeted by the FSB for these services in FY 1999-2000, and is based on their projected FY 1999-2000 volume of legal process server services required, and on the cost of these services in FY 1998-1999.
3. Mr. Merlin Zimmerly of the FSB advises that the FSB plans to renew its one-year contract with L&L Legal Assistance, Inc.
4. The Controller's supplemental questionnaire, with the Department's responses, is attached.

Recommendation: Approve the proposed resolution.

CHARTER 8.300-1 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: D.A. Family Support Bureau

CONTRACT SERVICES: Legal Process Service

CONTRACT PERIOD: July 1, 1999 - June 30, 2000

- (1) Who performed activity/service prior to contracting out?

Four Family Support Bureau staff, 2 8102 Process Servers and 2 8158 FSB Investigator IIs. At that time, however, the volume of required services was significantly lower than the current need.

- (2) Number of City employees laid off as a result of contracting out?

Two vacant position (2 8102s) were deleted in FY 84/85 budget.

- (3) Explain disposition of employees if they were not laid off?

N/A

- (4) What percentage of City employee's time is spent on services to be contracted out?

N/A

- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?

Since Fiscal Year 1985-86. Ongoing.

- (5) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?

Fiscal Year 1985-86. Yes.

- (7) How will contract services meet the goals of your MBE/WBE Action Plan?

Contractor is a Minority Business Enterprise (MBE).

- (8) Does the proposed contract require that the contractor provide health insurance for its employees? Even if it is not required, does the proposed contractor provide health insurance for its employees?

Contract does not require contractor to provide health insurance. However, contractor does provide health insurance.

- (9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?

Contractor provides the same benefits to all employees.

Department Representative: Merlin Zimmerly

Telephone Number: (415) 356-2979

Item 9 – 99-0721

Department: Public Transportation Commission (PTC)
Municipal Railway (MUNI)

Item: Resolution concurring with the Controller's certification that facility security services for the Public Transportation Commission can continue to be practically performed by a private contractor for a lower cost than similar work services performed by City and County employees.

Services to be Performed: Facility security services for Municipal Railway operations

Description: Charter Section 10.104 provides that the City may contract with private firms for services which had been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work services performed by City and County employees. Facility security services for Municipal Railway (MUNI) operations consist of unarmed stationary and roving guards at MUNI facilities, armed guards attending MUNI employees involved in the handling of cash, tickets and passes, and security analysis and development of plans for improving physical security at MUNI facilities.

The Controller has determined that contracting for the facility security services for MUNI for FY 1998-1999 would result in estimated savings as follows:

Memo to Finance and Labor Committee
May 5, 1999 Finance and Labor Committee Meeting

	Lowest Salary Step	Highest Salary Step
<u>City-Operated Service Costs</u>		
Salaries	\$1,878,290	\$2,238,341
Fringe Benefits	<u>523,376</u>	<u>578,536</u>
Total	\$2,401,666	\$2,816,877
<u>Contractual Services Cost*</u>	<u>1,584,048</u>	<u>1,591,897</u>
<u>Estimated Savings</u>	\$817,618	\$1,224,980

*Includes a 0.5 FTE 8221 Chief, Protective Services position for contract monitoring, at a Step 1 annual cost of \$71,436 and a Step 5 annual cost of \$86,835.

Comments:

1. Facility security services for MUNI were first certified as required by Charter Section 10.104 in 1983 and have been provided by an outside contractor since 1975.

2. The current three-year contract, which commenced on January 8, 1998 and expires on January 8, 2001, is with King Security Services, Inc. The Contractual Services Cost used by the Controller's Office was the amount budgeted by the PTC for the subject security services in FY 1998-1999, and was based on the projected FY 1998-1999 volume of security services required, and on the costs of those services in FY 1997-1998.

3. The Controller certified the subject security services, in accordance with Charter Section 10.104, on December 31, 1998. MUNI is therefore requesting approval of the proposed resolution approximately four months after the date of such certification. As such, the proposed resolution should be amended to provide for retroactivity.

4. The Controller's supplemental questionnaire, with the Department's responses, is attached.

Recommendation:

Amend the proposed resolution to provide for retroactivity, and approve the proposed resolution as amended.

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BUDGET ANALYST

CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

AttachmentDEPARTMENT: Public Transportation (MUNI)CONTRACT SERVICES: Comprehensive Facility Security ServicesCONTRACT PERIOD: January 08, 1998 thru January 08, 2001

- (1) Who performed the activity/service prior to contracting out?

Was not performed

- (2) How many City employees were laid off as a result of contracting out?

None

- (3) Explain the disposition of employees if they were not laid off.

N/A

- (4) What percentage of City employees' time is spent of services to be contracted out?

Approximately 50% of class 8221 position to monitor contract

- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?

Since 1975; Likely to be on-going

- (6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?

1983-84 fiscal Year. Yes.

- (7) How will the services meet the goals of your MSEE/WBE Action Plan?

They will comply with requirements of FTA DBE Program. Contractor is DBE.

- (8) Does the proposed contract require that the contractor provide health insurance for its employees? Even if not required, are health benefits provided?

Yes. Yes.

- (9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?

Contractor on HRC approved list for equal benefits requirements
Department Representative: Phil Chin.Telephone Number: (415) 292-2048

TOTAL P.02

TOTAL P.04

Item 10 – File 99-0720

Departments: Department of Real Estate (DRE)
Employees Retirement System (ERS)

Item: Resolution authorizing a lease of space at 30 Van Ness between ERS and the Herbst Foundation.

Location: 30 Van Ness Avenue, 3rd Floor.

Purpose of Lease: To provide additional space to accommodate ERS's growth over the past 15 years, from 60 employees in Fiscal Year 1984-1985 to 78 employees in Fiscal Year 1998-1999. ERS is currently located at 1155 Market Street, where the lease expires on June 30, 1999. The annual rent at 1155 Market Street is currently \$185,689.92, or approximately \$15.50 per square foot per year for approximately 11,980 square feet. The lessor at 1155 Market Street has quoted a lease rate, effective July 1, 1999, of \$35 per square foot per year for the same space which, under a new lease, would be measured as approximately 12,400 square feet, or \$434,000 annually, which would be \$248,310.08, or over 133 percent, more than the existing rental rate.

Lessor: The Herbst Foundation

Lessee: ERS

**No. of Sq. Ft. and
Cost Per Year:** The proposed lease at 30 Van Ness Avenue consists of approximately 19,814 square feet of office and common space, which is approximately 7,414 square feet, or approximately 60 percent, more than the existing space at 1155 Market Street. Ms. Kay Gulbengay of ERS reports that approximately 4,196 square feet, or 57 percent of the 7,414 square feet of additional space, will be used to provide a larger area for providing service to City and County employees, both active and retired, and to provide space for presentations and counseling for large groups and interviews with investment managers. According to Ms. Gulbengay, ERS is overcrowded at 1155 Market Street and needs additional space to accommodate growth over the past 15 years in staff and members served.

**Annual Payment
by Lessee:**

The proposed annual rental payment would be \$473,554.60 per year for the first five years, based on approximately \$23.90 per square foot per year for 19,814 square feet, and \$548,451.48 per year for the second five years, based on approximately \$27.68 per square foot per year. The initial five-year annual rental amount at 30 Van Ness Avenue of \$473,554.60 is \$39,554.60, or 9.1 percent, more than the quoted July 1, 1999, annual rental rate at 1155 Market Street of \$434,000, if ERS were to remain at 1155 Market Street. However, as noted above, ERS would gain 7,414, or approximately 60 percent more square feet at 30 Van Ness Avenue than the 12,400 to be provided under the current lease at 1155 Market Street.

Source of Funds: Employee Retirement Trust Fund

**Utilities Provided
By Lessor:** Lessor will pay for all utilities.

**Janitorial Services
By Lessor:** Lessor will be responsible for janitorial services.

Term of Lease: Ten years, from August 1, 1999 through July 31, 2009.

Right of Renewal: ERS would have two options under the proposed lease to extend the lease, for an additional five years each, at a monthly rental based on the rate for the previous term and adjusted to account for any increase in the Consumer Price Index.

Description: The rate of \$23.90 for the first five years under the proposed lease at 30 Van Ness Avenue is \$11.10 per square foot annually, or 31.7 percent less than the \$35 annual rate per square foot at 1155 Market Street. Consequently, ERS has requested to relocate to the 30 Van Ness Avenue facility.

Attachments I and II, provided by ERS, provide comparative data for the 1155 Market Street and 30 Van Ness Avenue locations. As can be seen on Attachment I, the number of ERS members to be served at the ERS facility each year is expected to increase by 37 percent next year, owing to the impact, according to Ms. Gulbengay, of the ability of City and County employees to

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BUDGET ANALYST

purchase prior service and repay retirement account shortages on a pre-tax basis, and the proposed lease at 30 Van Ness Avenue will provide more space per employee than the available space at 1155 Market Street, 198 square feet per employee versus 126 square feet per employee, or an increase of 57 percent.

As can be seen on Attachment II, although the proposed lease at 30 Van Ness Avenue provides for an approximately 60 percent increase in the number of square feet, the cost per square foot would decrease by 31.7 percent.

The proposed lease requires that the lessor "at [lessor's] sole cost and expense . . . shall furnish and install the Leasehold Improvements shown on the Approved Final Plans in a good and professional manner in accordance with sound building practice." According to Mr. Charles Dunn of DRE, these Leasehold Improvements include wiring and lighting, Heating, Ventilation and Air Conditioning, and other work to prepare the space for use by ERS. According to Mr. Dunn, the estimated cost of these improvements is \$1,000,000. ERS will reimburse the lessor for \$32,000 in additional improvements, including additional floor strengthening to accommodate the weight of ERS's microfilm storage machines, special Heating, Ventilation and Air Conditioning for ERS's computer systems, and investment communications equipment needs.

The proposed lease requires that if the lessor should decide to sell the property during the term of the lease (or any extension thereof), the lessor shall first offer to sell the 30 Van Ness Avenue building to the City at the purchase price that the property will be offered to the real estate market. Mr. Dunn advises that the current fair market value of the 30 Van Ness Avenue building is \$18 to \$24 million.

Comments:

1. According to Mr. Dunn, the proposed rent for 30 Van Ness Avenue represents fair market value.
2. The Fiscal Year 1998-99 ERS budget includes \$249,044 for moving costs and other costs related to the ERS relocation to 30 Van Ness Avenue. ERS anticipates

Memo to Finance and Labor Committee
May 5, 1999 Finance and Labor Committee Meeting

additional expenditures of \$37,300 related to the relocation of their office, and have requested funds for this purpose in their proposed FY 1999-2000 budget.

3. Based on (a) the representations of ERS that existing ERS space conditions are overcrowded at 1155 Market Street, (b) based on the 31.7 percent reduction in the rental rate per square foot at the proposed 30 Van Ness site, and (c) based on an examination of all of the relevant data presented by ERS, the Budget Analyst believes it is reasonable for ERS to relocate to larger space at 30 Van Ness Avenue.

Recommendation: Approve the proposed resolution.

Attachment IATTACHMENT #1

	1155 Market	30 Van Ness Proposed	Increase Over 1155 Market
# of Members Served	29,217	40,000 ¹	37%
# of Retirement Employees ²	78	79	1%
Members Served Per Employee	374	506	35%
Area ³	10,006 s.f.	15,618 s.f.	56%
Area Per Employee	126 s.f.	198 s.f.	57%

It should be noted that over the past 15 years not only has the number of City employees (members) served increased 84% but the overall size of the fund has grown from \$2.1 billion in 1984 to \$9.8 Billion in 1997, a 366% increase.

Notes:

1. Estimated impact of the Pretax Buy-Back next year.
2. Includes employees and on site vendors and consultants
3. Excludes members and other non-employee areas.

ATTACHMENT #2

	1155 Market Current	First 5 Years 1155 Market Proposed	First 5 Years 30 Van Ness Proposed	% Increase Over a Renewal At 1155 Market
Rentable Sq. Ft.	11,980	12,400 ¹	19,814	60%
Annual Cost	\$185,690	\$334,000	473,555	9.1%
Cost Per Sq. Ft.	\$15.50	35	23.90	-31.7%

Notes

1. Estimate based on recalculated square footage due to recent change in B.O.M.A. standard area calculations

Specialty costs per landlord:

HVAC System:	\$ 7,939
Floor support & Comm:	<u>24,000±</u> ¹
Total:	\$32,000±

Notes:

¹ In order for the Landlord to provide an exact price for this construction, full working drawings will need to be prepared by a certified structural engineer and such drawings will need to be approved by the City's Department of Building Inspection.. Along with the actual cost of the floor strengthening, the City is responsible for the cost of such drawings (\$2,500 which is included in the \$24000 estimate). The City does not want to pay for these drawings without the approval of the overall transaction by the Board of Supervisors.

City and County of San Francisco

San Francisco City and County
Employees' Retirement System
Office of The Executive DirectorAttachment IV
Page 1 of 2

Memorandum

DATE: March 22, 1999
 TO: Christine Ragan, Fiscal and Policy Analyst
 FROM: Clare M. Murphy, Executive Director
 RE: 1998-1999 Moving Expense

The Retirement System 1998-1999 budget provides for \$249,044 to cover move related expenses. At the present time several items are out for bid or will be bid in the next two weeks (see **). Following are the items for which we have firm bids and best estimates for items out to bid:

Telephone and wiring	\$132,804
Space Planning	\$ 15,000 \$10,000 expended to date, balance encumbered
Computer Equipment Move	\$ 16,800 estimated as of 1/98 **
Dismantling/Reinstalling existing office furniture	\$ 16,800 estimated as of 1/98**
Moving expenses furniture records, Bids received to date	\$45,000 estimated 1/98**
..... Microfilm drums	\$ 12,000
..... HVAC	\$ 8,000
.....	
.....	

Attachment IV
Page 2 of 2

..... Structural Engineering	\$17,000 to 24,000
..... Real Estate Workorder	
..... (additional request)	\$12,500
TOTAL (except items pending bids**)	\$205,804
TOTAL (including best estimates of	\$279,404
..... pending bids)	

Several items were not contemplated in preparing the 1998-1999 budget include:

..... Structural Engineering changes	—
..... HVAC requirements	—
..... Additional Real Estate workorder.	—

These items total in excess of \$37,300

1999-2000

Item 11 – 99-0725

Department: Department of Human Services (DHS)
Department of Real Estate (DRE)

Item: Resolution authorizing a new lease of real property of the
1st and 2nd floors at 225 Valencia Street.

Location: 225 Valencia Street

Purpose of Lease: To provide additional leased space for additional program
needs and to alleviate reported overcrowded conditions for
the Department of Human Services (DHS) Family and
Children Services (FCS) Division located in the City-
owned building at 170 Otis Street. The proposed lease
would relocate 50 existing FCS employees from 170 Otis
Street to the proposed space at 225 Valencia Street.

Lessor: Valencia Street LLC

Lessee: DHS

**No. of Sq. Ft. and
Cost Per Month:** The proposed space at 225 Valencia consists of
approximately 12,750 square feet of office and common
area space at \$1.56 per square foot per month for the first
two years, \$1.65 per square foot per month for the third
and fourth years, and \$1.72 per square foot per month for
the fifth, sixth and seventh years.

Annual Cost: \$238,680 for the first two years, \$252,450 for the third
and fourth years, and \$263,160 for the fifth, sixth and
seventh years.

**Utilities and
Janitorial Services:** All costs for utilities and janitorial services would be the
responsibility of the City.

Term of Lease: The proposed lease would commence on June 15, 1999 or
upon completion of tenant improvements (expected within
approximately 60 days after approval of the proposed
resolution) whichever is later, and expire seven years
thereafter.

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Right of Renewal: The City would have the option to extend the term for one additional period of five years at 100 percent of the fair market rent. Ms. Claudine Venegas of the DRE states that the fair market rent would be determined through mutual negotiations between the City and the Lessor.

Source of Funds: 37% Federal Grant Funds, 27% State Grant Funds and 36% General Fund which will be included in DHS's FY 1999-2000 budget.

Description: According to Mr. Jan Esbaugh of DHS, the proposed lease would provide space for the Family and Children's Services Program (FCS) to relocate 50 children's welfare and support staff positions and related programs from 170 Otis Street to 225 Valencia Street. The following FCS programs, which are currently located at 170 Otis Street and staffed by the 50 FCS positions to be relocated, would be moved to 225 Valencia Street:

- Independent Living Skills Program which prepares foster youth to emancipate from foster care;
- One Child Welfare Unit;
- Visitation Room where parents can visit their children who are in foster care;
- Foster Care Licensing Unit and Foster Parent Resource Room which provide mandatory training of foster parents.

The proposed lease at 225 Valencia Street would also provide space for the following new DCS programs which would also be staffed by the 50 DCS positions to be relocated from 170 Otis Street:

- Teen Drop-In Center
- One additional Child Welfare Unit

Mr. Esbaugh advises that in early 1999 FCS hired 44.5 FTE new employees which were authorized by the Board of Supervisors in FY 1998-99 (Files 98-1980 and 98-1981), bringing the total number of FCS employees to 390 FTEs. These 44.5 FTE new employees are currently located at 170 Otis Street. The addition of these 44.5 FTE new employees has resulted in overcrowded space conditions at 170 Otis Street. As reported by DHS in their attached

memorandum, the 44 new employees "are located in hallways or areas not intended nor set up (no electrical/data/phone) as office space." In addition, other DHS programs which have been expanded recently, such as the CalWORKs program, are in need of more space at 170 Otis Street, according to Mr. Esbaugh.

According to Mr. Esbaugh, the proposed lease would allow FCS to relocate 50 employees and related programs from 170 Otis Street to the proposed space at 225 Valencia Street in order alleviate overcrowded conditions at 170 Otis Street and accommodate the additional FCS programs described above. The Attachment, provided by Mr. Esbaugh, describes in detail the overcrowded space conditions for the FCS Division at 170 Otis Street and explains why the proposed additional space at 225 Valencia Street is necessary.

Comments:

1. DHS reports that, in addition to relieving the overcrowded conditions at 170 Otis Street, the space provided under the proposed lease at Valencia Street would allow FCS to establish, with the same 50 employees who would move there from 170 Otis Street, a new Teen Drop-In Center, consisting of approximately 500 square feet, and an additional Child Welfare Unit, consisting of 750 square feet of the 12,750 square feet. In addition, the Visitation Room, which would be relocated from 170 Otis Street where it currently occupies 2,500 square feet, would occupy 1,000 square feet in the Valencia Street location. According to DHS, the Foster Parent Resource Room which currently occupies 100 square feet 170 Otis Street would occupy 100 square feet in the Valencia Street location. In total, the new Teen Drop-In Center, new Child Welfare Unit, relocated Visitation Room and relocated Foster Parent Resource Room will occupy 2,350 square feet.

In addition to the 2,350 square feet of space described above, approximately 4,000 square feet of the proposed total of 12,750 square feet would be occupied by the 50 FCS employees, or an average of 80 square feet each, according to Mr. Esbaugh. Mr. Esbaugh advises that DPH is unable to provide an estimate of the amount of space these 50 employees currently occupy at 170 Otis

Street because they are in locations spread throughout the building. Mr. Espaugh states that the remaining 6,400 square feet of the total 12,750 square feet would be occupied by common areas including bathrooms, kitchen, conference rooms, and hallways.

2. Ms. Claudine Venegas of the Department of Real Estate advises that the Lessor will pay for the leasehold improvements at an estimated cost of \$200,000. Such improvements include building out office space, internal walls, electricity, heating and Americans with Disabilities Act improvements. These leasehold improvements are expected to be completed within approximately 60 days after approval of the proposed resolution, according to Ms. Venegas.

3. According to Ms. Venegas, the proposed rent represents fair market value.

Recommendation: Approve the proposed resolution.

City and County of San Francisco

Department of Human Services

Will Lightbourne
Executive DirectorDeputy Directors
Bill Bettencourt
Jim Buick
Sally Kipper

April 30, 1999

To: Monique DeJong
From: Jan Esbaugh
Subject: Lease of 225 Valencia

Family and Children's Services (FCS) occupies four floors at the Department of Human Services Building at 170 Otis Street. DHS currently makes bond payments on this building. FCS has a total staff of 390 FTE positions. This includes 44 new positions added as a result of addition funding in the States 98/99 Budget and authorized by the Board of Supervisors in FY 98/99. These 44 new employees are currently housed at 170 Otis street and are either sharing desk space with other staff or are located in hallways or areas not intended nor set up (no electrical/data/phone) as office space. This was necessary because of the length of time needed to find additional space.

FCS is proposing to relocate a total of 50 staff from 170 to the proposed site at 225 Valencia. These include two units serving youth ages 13 to 18 in Foster Care. (14 Child Welfare Workers, two supervisors, and 4 support staff)

The Independent Living Skills Program will relocate from 170 to this site (one supervisor and 4 staff)

In meeting a new state mandate to provide services to youth aged 18 to 21 who have emancipated from Foster Care we are establishing a teen center at this site. This will occupy an area of approximately 500 sq ft. These youth will be service by the ILS staff. There will also be a Youth Ombudsperson as well as the Department Ombuds persons at this location.

Our intent is to also relocate the Visiting Room from 170 Otis to Valencia Street. The visiting room is staffed by 1 supervisor and 5 social workers and one support staff that provide supervision during visits by parent with their children who have been removed by Juvenile Court action. The visiting room will be in operation from 8 am to 8 pm six days a week to facilitate parents who are employed or in treatment and to aid in

visitation. Currently the visiting room occupies 2500 square feet and at the new location will be approximately 1000 sq ft.. There is also a Foster Parent Resource Room that assists in the recruitment and retention of Foster Parents.

The Foster Home Licensing Unit which recruits and licenses Foster Homes in San Francisco will be relocated to this facility. This consists of a Supervisor, 8 Child Welfare Workers and 2 support staff. There will also be a classroom/conference room area to facilitate state mandated training for foster parents.

The remainder of the space is common usage consisting of an additional conference room, reception area, etc/

Item 12 – File 99-0726

Department: Emergency Communications Department (ECD)

Item: Ordinance appropriating \$2,773,766 of the proceeds and interest earnings of San Francisco Finance Corporation Lease Revenue Bonds, for the purchase of Motorola mobile and desktop radio units and accessories, the installation of a fiber optic metropolitan area network, and 800 megahertz communications equipment for the Citywide Emergency Radio System Project.

Amount: \$2,773,766

Source of Funds: San Francisco Finance Corporation Lease Revenue Bond Proceeds, Series 1999-I (\$2,523,766) and San Francisco Finance Corporation Lease Revenue Bond Interest Earnings, Series 1998-I (\$250,000).

Budget: A summary budget for this request of \$2,773,766 is as follows:

Phase II Expenses:	
Metropolitan Area Network	\$1,807,000
262 Motorola Portable and Mobile	
Radio Units	<u>716,766</u>
Subtotal	2,523,766
Phase I Expenses	<u>250,000</u>
Total	\$2,773,766

The Attachment to this report, provided by Ms. Lisa Marie Harris of the ECD, contains a description of this budget request for Phase II costs of \$2,523,766. The Phase I expenses of \$250,000 is a previously anticipated funding source towards the total estimated construction costs for Phase I of \$28,485,593.

Description: In November of 1993, voters approved the issuance of \$50 million in San Francisco Finance Corporation Lease Revenue Bonds to finance the acquisition, construction and installation of an 800 Megahertz Radio System, now called the Citywide Emergency Radio System Project (Project).

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It is expected that the Project, which has been previously authorized by the Board of Supervisors, will provide uninterrupted, highly reliable communication abilities which will allow the Police, Fire, Paramedics and other City agencies, including the Water Department, Sheriff's Department, Department of Parking and Traffic, the Recreation and Parks Department, the Mayor's Office of Emergency Services and the Department of Telecommunications and Information Services, to provide enhanced delivery of emergency services in the event of an emergency or natural disaster. According to Ms. Harris, the purchase and construction of certain facilities and equipment, such as antenna towers, microwave transmitters, fiber optic cabling, and hand-held radios, to be funded by the issuance of these subject bonds are considered necessary to make the 911 Combined Emergency Communications Center operational.

Construction and financing of the Project has been divided into two phases. Phase I consists of the design and construction of the transmission sites for the system. Phase II consists of design and construction of the fiber optic network that links the transmission sites and acquisition and installation of the portable and mobile radios.

In January of 1998 the City issued the San Francisco Finance Corporation Lease Revenue Bonds, Series 1998-I, in the amount of \$31,250,000, out of the total amount of \$50,000,000 authorized by the voters, to finance Phase I of the Project. The proceeds of the Series 1998-I Bonds were appropriated for construction of Phase I of the Project. The amount appropriated for construction was \$27,783,037, with the \$3,466,963 balance of the Series 1998-I bond funds appropriated for the cost of the bond issuance and the debt service reserve account.

The financing plan for Phase I of the Project anticipated the future availability of interest earnings in the amount of \$702,556. Since the original Phase I appropriation was approved, unexpended Series 1998-I bond funds have earned interest income in the amount of \$250,000. Such interest earnings can only be used for the Project. Therefore, this proposed supplemental appropriation

would appropriate such interest earnings as a previously anticipated revenue source towards the total project construction costs of \$28,485,593. The new balance of funds appropriated for construction therefore would increase by \$250,000, from \$27,783,037 to \$28,033,037.

In January of 1999, the City issued the San Francisco Finance Corporation Lease Revenue Bonds, Series 1999-I, in the amount of \$18,665,000, out of the \$18,750,000 remaining amount (\$50,000,000 less Series 1998-I amount of \$31,250,000) authorized by the voters, to finance Phase II of the Project. \$13,808,365 of the proceeds of the Series 1999-I Bonds have already been appropriated as part of ECD's Fiscal Year 1998-1999 Budget. Of this \$13,808,365 appropriation, \$2,311,068 was for bond issuance costs and the debt service reserve account, and \$11,497,297 was appropriated for Phase II of the Project. This supplemental appropriation of \$2,523,766 would therefore increase total funding for Phase II of the Project from \$11,497,297 to \$14,021,063.

As shown in the Attachment to this report, the proposed ordinance would appropriate \$2,523,766 from the proceeds of the Series 1999-I Bonds for: (a) the installation of a fiber optic cable network (referred to as the Metropolitan Area Network) to interconnect six sites, the main antenna site on Twin Peaks, the 911 Combined Emergency Communications Center and downtown antenna sites at City Hall, the Hall of Justice, Fire Department Headquarters and the Department of Telecommunications and Information Services computer facility (\$1,507,000); (b) telephone termination equipment (\$250,050); (c) networking management hardware and software (\$49,950); and, (d) the purchase of 262 Motorola mobile and desktop radio units and accessories, related programming, installation, testing and user training at an average unit price of \$2,735 per radio (\$716,766).

Comments:

1. The title of the proposed ordinance incorrectly identifies the source of the funds to be appropriated as "Citywide Communication Series 1993 Bond Proceeds." According to Ms. Harris, \$2,523,766 is proposed to be appropriated from the proceeds of the Series 1999-I Bonds and \$250,000 is proposed to be appropriated from interest

earnings on the proceeds of the Series 1998-I Bonds, not Series 1993 Bond proceeds. The ordinance should therefore be amended to indicate the correct source of funds.

2. The contract for design and construction of the Project was awarded by competitive bid to Motorola.

3. Design and construction of six of the transmission sites included in Phase I has been completed. Construction of additional facilities to improve City-wide radio coverage has begun, as has installation of radio equipment into Police and Fire Department vehicles. Design and construction of the fiber optic network has not yet begun. The Citywide Emergency Radio System Project is scheduled to be completed by March of 2000.

Recommendation:

1. Amend the title of the proposed supplemental appropriation ordinance to substitute "Series 1998-I Bond Proceeds and Series 1999-I Bond Proceeds" for "Series 1993 Bond Proceeds".

2. Approve the proposed ordinance as amended.

Attachment I

800 MHz Phase II Costs

Fiber Optic Cable for Six Proposed Sites: E-911 CECC, 1011 Turk Street City Hall, 1 Dr. Goodlett Place Hall of Justice, 850 Bryant Fire Headquarters, 2nd and Townsend St. DTIS Computer, 1 Market Plaza Twin Peaks City Site	\$ 1,507,000
Termination Equipment for Six Sites Above:	
Sonnet Equipment (for 6 sites)	250,050
Networking Management hardware/software	49,950
Motorola Portable and Mobile Radios includes intallation, software, docking stations Quantity: 262	716,766
Total	\$ 2,523,766

Source: Emergency Communications
Department

Item 13 – File 99-0762

Department: Real Estate Department (RED)
Municipal Railway (Muni)

Item: Resolution authorizing a retroactive roof equipment license extension agreement for 555 California Street for the Municipal Railway.

Location: 555 California Street, downtown San Francisco

Purpose of License Agreement: To provide space for two radio antennas and transmitters and all associated wiring and equipment to be used for radio communication to support the San Francisco Municipal Railway

Lessor: 555 California Street Partners

Lessee: City and County of San Francisco for Municipal Railway

No. of Sq. Ft.: 72 square feet

Cost Per Month: \$4,000

Annual Cost: \$48,000

Increase Over Prior License Agreement: \$36,000 annually (300%)

Description: The subject resolution would authorize the renewal of a Roof Equipment License Agreement between Muni and 555 California Street Partners, owners of the office building located at 555 California Street. The leased area would be used to provide space for two radio antennas and transmitters and all associated wiring and equipment for radio communications in support of Muni operations. According to Mr. Charles Lewis of Muni, the subject radio equipment would provide the necessary infrastructure to enable radio communications between Muni dispatchers and transit operators in the downtown area from Muni's central control station located at 131 Lenox Way. Mr. Lewis reports that Muni has occupied the subject space under a license agreement since 1986.

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Term of Lease: Three years, retroactive to November 1, 1998 to October 31, 2001.

Source of Funds: For FY 1998-99, Muni would fund the license agreement with previously appropriated surplus funds. For FY 1999-2000 and FY 2000-2001, Muni would fund the lease from Muni's annual operating budget.

Comments: 1. According to Mr. Larry Jacobson of the Real Estate Department, this proposed resolution, which requires a retroactive clause to November 1, 1998, was not submitted to the Board of Supervisors at an earlier date because (1) an initial proposal was not received from 555 California Street Partners until January 1999, and (2) the Real Estate Department entered into a lengthy negotiation with 555 California Streets Partners in an attempt to minimize the proposed rate increase for the subject site.

2. In accordance with the proposed license agreement, the new monthly rate for the subject space would be \$4,000 which is \$3,000 or 300 percent more than the \$1,000 monthly rate under the previous license agreement which expired on October 31, 1998. According to Mr. Jacobson, the proposed \$4,000 monthly rate represents fair market value due to the rapidly growing demand for similar space for both public and private sector radio operations. Mr. Jacobson reports that the City occupies similar rooftop space at One Market Plaza at a monthly rate of \$4,000, the same rate as provided for in the subject license agreement.

3. According to Mr. Larry Garde with the Department of Telecommunications and Information Services, the office building located at 555 California is presently the only available building tall enough to allow the continued successful operation of Muni's radio communications in the downtown area. Mr. Garde explains that no other available site would provide adequate clearance from physical obstructions (i.e., other buildings) that would hamper the necessary radio communications.

4. According to Mr. Garde, Muni anticipates that it will consolidate space for Muni's downtown radio communications needs with the City's new 800 Megahertz

Radio System and that the proposed subject licensed space may not be required after that time. Mr. Garde explains that the subject radio equipment may be moved to the building located at One Market Plaza where equipment related to the City's new 800 Megahertz Radio System is now being installed. Mr. Garde further explained that the subject radio equipment cannot be moved to the One Market Plaza location until the City's Department of Telecommunications and Information Services has completed engineering tests to ensure that the co-location of the two communication systems will not disrupt communication services. Mr. Garde anticipates that these engineering tests will be completed by February 2000 and that the subject equipment may be re-located to One Market Plaza at that time. The proposed license agreement has an ending date of October 31, 2001 subject to a termination provision with 180 days prior written notice to the lessor. According to Mr. Jacobson, the Real Estate Department negotiated a three-year license agreement (with a termination provision) in order to ensure that the monthly rate at the subject site does not exceed \$4,000 in the event that aforementioned engineering studies indicate that relocating the subject equipment to One Market Plaza would be infeasible.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Item 14 – File 99-0732

Department: Municipal Railway (Muni)

Item: Release of reserved funds in the amount of \$423,862 to fund electrical improvements related to health and safety in the Metro tunnels.

Amount: \$432,862

Source of Funds: Federal Surface Transportation Funds

Description: In October of 1992, the Board of Supervisors approved a resolution authorizing the Public Utilities Commission (PUC) to apply for, accept and expend \$1.2 million of Federal Surface Transportation Funds and \$300,000 of local and regional matching funds, for a total of \$1.5 million to provide financing for the design and rehabilitation of MUNI's fixed facilities (Resolution No. 907-92, File 94-92-8). The modifications to MUNI's fixed facilities include alterations to subway, surface and maintenance facilities to accommodate larger light rail vehicles (LRVs) than were currently in service in the Muni fixed rail system.

Of the total \$1.5 million authorized, \$1,273,862 was placed on reserve for capital improvement projects, pending the selection of contractors and submission of cost details. According to Mr. Jerry Levine of Muni, since the initial reserve, the Board of Supervisors has approved the release of \$805,000 of the total original reserve of \$1,273,862, leaving a balance remaining on reserve of \$468,862.

This subject project represents the fourth in a series of four capital projects to rehabilitate existing MUNI Metro fixed facilities and is listed in the table below as the System-Wide Fixed Facility Rehab project. The four projects include:

<u>Project Title</u>	<u>Total Funds</u>
Metro East Facility Project	\$1,500,000
Eureka Portal Reconstruction	1,751,800
Fixed Facility Rehab (including Cable Car Hatch Cover Installation)	1,500,000
System-Wide Fixed Facility Rehab (subject item)	<u>1,500,000</u>
TOTAL	\$6,251,800

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BUDGET ANALYST

Memo to Finance and Labor Committee
May 5, 1999 Finance and Labor Committee Meeting

Comment: Mr. Levine has requested that this item be continued until the May 12, 1999 Finance and Labor Committee meeting in order to provide Muni with additional time to submit cost information as requested by the Budget Analyst.

Recommendation: Continue the proposed resolution to the May 12, 1999 Finance and Labor Committee Meeting, as requested by Muni.

Item 15 - File 99-0801

Department: Department of Administrative Services
Department of Children, Youth and Their Families

Item: Request for release of \$318,838 to complete the construction, equipment and furnishings for the City Hall Child Care Center.

Amount: \$318,838

Source of Funds: General Fund

Budget:	Exterior Playground	\$ 158,350
	Interior Improvements	90,000
	Fixtures, Furnishings & Equip	<u>55,305</u>
	Subtotal	\$303,655
	5 Percent Contingency	<u>15,183</u>
	Total	\$318,838

Description: The proposed request would release \$318,838 of the total of \$350,000 which was placed on reserve in the FY 1998-99 Department of Administrative Services budget for a Child Care Center in City Hall. According to Mr. Steve Nelson of the Department of Administrative Services, these funds were placed on reserve for the City Hall Child Care Center because, at the time of the FY 1998-99 budget deliberations, the Department could not identify (a) the specific childcare facility requirements and (b) the associated costs that would be necessary to complete such a facility.

The new Child Care Center would consist of approximately 3,500 square feet located in the northwest quadrant of the basement of City Hall with the main entrance and access from McAllister Street. In addition, the Child Care Center would have two outdoor play areas on the McAllister Street side of City Hall, comprising an additional approximately 1,800 square feet.

Comments: 1. Mr. Nelson reports that he does not have a separate breakdown of the costs to construct the basic space for the Child Care Center, which was

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completed as part of the overall City Hall renovation project. However, Mr. Nelson reports that in the final plan there will be two separate children's bathrooms and one adult bathroom as well as two food preparation areas in the proposed space, although the children will be required to bring their own lunches and Marin Day School will provide morning and afternoon snacks. Mr. Nelson notes that the construction of this space has already included one bathroom for children, one bathroom for adults, three undercounter refrigerators, one full-size refrigerator, one washer and dryer and two dishwashers. Mr. Nelson notes that the requested \$318,838 would complete the necessary renovations to make the space useable for a Child Care Center.

2. As noted above, the City Hall Child Care Center would have two exterior play areas, one for toddlers, at a cost of \$80,260, and one for infants, at a cost of \$78,090, for a total cost of \$158,350. The Budget Analyst questioned why the City Hall Child Care Center is proposing to construct these two exterior play areas, when over the past five years, the City has spent over \$600,000 of Open Space Funds to construct two extensive play areas, specifically geared toward young children in the Civic Center Plaza, directly across the street from City Hall. Ms. Karen Hong, of the Department of Administrative Services responded that (1) the Civic Center Plaza facilities are currently overcrowded since other childcare facilities in the Tenderloin use these play areas and 2) Marin Day Schools would need a waiver of State licensing requirements to be able to use these play areas. Furthermore, Ms. Hong notes that Marin Day Schools has agreed to allow neighborhood Tenderloin childcare facilities to use the proposed two new City Hall exterior play areas.

In addition, the exterior play areas are proposed to have wrought iron fencing surrounding the area, at a total cost of \$34,688. An alternative chain link fence, at a total cost of \$16,955, or less than half the cost of the wrought iron fence, was rejected

because according to Mr. Nelson, it was not architecturally consistent with the rest of City Hall, and was determined to be less safe for the children. The actual play equipment for the children in the play areas is anticipated to cost \$25,864, including a playstructure for \$8,752 and a play maze for \$7,427.

3. Furthermore, the budget details reviewed by the Budget Analyst's Office reflected toy and children's furniture costs that appear excessive. For example, \$190 for a set of five small trucks, \$610 for a set of nursery mini hollow blocks, \$710 for a set of half school unit blocks, \$185 for Bouncy Birds, 32 small chairs for the children for \$2,036, or an average cost of \$64 per chair and \$507 for aquariums. In response, Ms. Hong reports that the childcare facility furnishings will be consistent with the high quality of the other furnishings in City Hall, and that the Department of Administrative Services and Marin Day School agreed to the need to purchase only high quality toys and equipment that would last for a long time and not require replacement in the near future.

4. The interior construction cost estimate of \$90,000 includes a contingency of approximately 20 percent. Ms. Sherri Williams of the City Architect's Office reports that this 20 percent contingency will be needed for additional Americans With Disability Act improvements (ADA) and fire safety renovations. Ms. Williams notes that this interior work will actually be completed by the Bureau of Building Repair (BBR) and a contractor, ISEC, that specializes in interior woodwork and equipment, who has been working on the City Hall renovations. The Budget Analyst also notes that the budget for the two exterior play areas includes a contingency factor of an unquantified amount. The Budget Analyst therefore questions why the subject request includes an additional five percent contingency of \$15,183, on top of these two other construction contingencies. The Budget Analyst therefore recommends that this additional five

percent contingency be eliminated for a savings of \$15,183.

5. Mr. Nelson reports that the proposed Child Care Center will be able to accommodate a total of 49 children, based on the following breakdown by ages:

Infant & Toddlers (2 mos.- 30 mos.)	21
Young Preschool (30 mos. - 3 ½ yrs.)	12
Preschool (3 ½ yrs. - 5 ½ yrs.)	<u>16</u>
Total	49

Mr. Nelson notes that it is likely that all 49 available spots for children will not be filled immediately. However, based on a total requested cost of \$318,838, and assuming that all 49 spots are eventually filled, it results in an average capital expenditure of \$6,507 per child.

6. Mr. Nelson reports that initially the City did not receive any responses to the City Hall Child Care Center Request For Proposal (RFP), until the date was extended and more requests were issued. Ultimately, the City only received two responses to their RFP, one from Florence Crittenden Services and one from Marin Day Schools. Mr. Nelson notes that Florence Crittenden Services specializes in at-risk youth, and was not determined to have significant experience with infant day care services. Marin Day Schools was selected as the operator of the proposed City Hall Child Care Center, based on a review panel process consisting of representatives from the Department of Children, Youth and Their Families, the Department of Administrative Services, Department of Human Services and the Mayor's Office, according to Mr. Nelson.

7. Under a pending three-year contract between the City and Marin Day Schools, which would extend from July 1, 1999 through June 30, 2002, Marin Day Schools would pay the City \$1 per year for the proposed space and the City would be responsible for renovations of the facility of up to \$350,000, and for providing all utilities, janitorial and

maintenance services. Under this agreement, Marin Day Schools would collect all of the revenues and pay all of the operating expenses. Mr. Nelson notes that the Department of Children, Youth and Their Families will be entering into this three-year operating agreement with Marin Day Schools, to be effective July 1, 1999, which would not be subject to the Board of Supervisors approval. However, Mr. Nelson reports that a resolution authorizing the City to enter into a lease with Marin Day Schools for Marin to pay the City \$1 per year is currently being prepared and will be subject to the approval of the Board of Supervisors.

8. As shown in Attachment 1, provided by Marin Day Schools, the estimated operating costs for this facility is \$385,000 the first year of operation, increasing to \$422,000 by the third year of operation. Approximately 97 percent of the operating costs, or \$375,000 of the total \$385,000 operating costs during the first year is anticipated to be financed from tuition income. However, the tuition income includes an annual \$50,000 General Fund subsidy (See Comment No. 10). The balance of approximately three percent of the operating costs will be financed from other revenues and donations realized by Marin Day Schools.

9. Attachment 2, provided by Marin Day Schools identifies the monthly tuition rates ranging from \$285 per child for two mornings for the preschool children to \$1,045 per child for five full days for the infant/toddler program. However, since most of the people using the facility are likely to be full-time City employees, it is likely that five full days of care would be needed for their children.

Given the need for moderate child care costs for City employees, the Budget Analyst questions the high monthly costs for full-time care of between \$810 for preschool students to \$1,045 for infant/toddlers. Additionally, Marin Day Schools charges a \$100 annual activity fee and a \$50 student registration fee. Mr. Nelson reports that

the proposed tuition rates are the same rates that Marin Day Schools charges at its other facilities.

10. According to Mr. Nelson, beginning in FY 1999-2000, the City, through the Department of Administrative Services, will contribute an annual General Fund subsidy of \$50,000 to the proposed Child Care Center to provide tuition scholarships and subsidies for low-income families using the City Hall Child Care Center. Mr. Nelson notes that the Department budgeted \$175,000 for six months of tuition subsidies in FY 1998-99 for the City Hall Child Care Center, but under the proposed plan, this would be reduced to the currently projected \$50,000 annually. Mr. Nelson adds that the City's \$50,000 annual contribution is included as part of the tuition income line item in Attachment 1.

11. Mr. Nelson reports that there is likely to be more requests to place children in the City hall Child Care Center than the 49 available slots. Therefore, Ms. Hong notes that a priority system has been developed by the City Hall Policy Committee, which is comprised of representatives from the Controller's Office, Mayor's Office, Treasurer's Office, Department of Administrative Services and the City Architect. Under this priority system, first priority will be given to employees who work in City Hall, including City employees and non-City employees who work in the City Store and cafes. Second priority will be given to City employees who work in the Civic Center area, and the third priority will be given to other City employees. In addition, Mr. Nelson notes that of the total 49 available childcare slots, five slots will be set aside for children from the adjacent Tenderloin neighborhood. However, in all cases, Mr. Nelson reports that the actual selection of child care applicants will be made by the Marin Day Schools.

12. Although City Hall opened in early January of 1999, the City Hall Child Care Center is not anticipated to open until July of 1999, or six months later. Mr. Nelson reports that this delay

occurred due to safety concerns, since all of the construction work was not completed in City Hall when it opened in January of 1999, and due to the operational difficulty for Marin Day Schools to begin a Child Care Center in mid-year, rather than after the completion of the regular school year.

13. The Budget Analyst raises the following concerns about the requested release of reserve: (1) there were only two responders to the City's RFP to provide childcare services in City Hall, and only one of the responders, Marin Day Schools, had extensive experience in providing both infant/toddler and preschool services, (2) the facility has two food preparation areas, with a refrigerator in each of the two food preparation areas as well as two additional refrigerators in the other two rooms, yet the children will be responsible for bringing their own lunches to school, and Marin Day will just be providing snacks for the children, (3) two exterior play areas are proposed, at a total cost of \$158,350, although directly across the street in the Civic Center Plaza, the City recently constructed extensive play areas for small children, at a cost of over \$600,000 with Open Space funds, (4) expensive furnishings, equipment and toys are being selected for this facility at a total cost of \$81,169, (5) an additional contingency of five percent is provided under this subject request for all of the proposed expenditures, at a cost of \$15,183, which is on top of two other contingencies previously allocated for the interior and exterior construction projects, (6) the costs to the participants of this child care program appear high, with monthly costs for full-time child care ranging between \$810 to \$1,045 per month per child, as well as an additional annual activity fee of \$100 and an additional \$50 student registration fee.

Recommendation:

At a minimum, reduce the request by \$15,183 to eliminate the additional five percent contingency, as referenced in Comment Nos. 4 and 13 above. Approval of the remaining request of \$303,655 is a policy matter for the Board of Supervisors.



SAN FRANCISCO CITY HALL CHILD CARE CENTER
PROPOSED OPERATING BUDGETS

71,000 FC
41,000 mdc
fundraising

INCOME	YEAR ONE	YEAR TWO	YEAR THREE	YEAR FOUR
Tuition	375,000.00	390,000.00	410,000.00	430,000.00
Registration	3,500.00	3,500.00	4,000.00	4,000.00
Activity Fees	2,500.00	2,500.00	3,000.00	3,000.00
Donations	4,000.00	4,000.00	5,000.00	5,000.00
TOTAL INCOME	385,000.00	400,000.00	422,000.00	442,000.00

113,000 FC
106,000 mdc
11,000
donat

EXPENSE

Salaries	290,000.00	290,000.00	305,000.00	317,000.00
Payroll Taxes	24,000.00	25,100.00	27,000.00	28,000.00
Health Insurance	5,500.00	6,300.00	6,500.00	7,000.00
Workers Comp.	3,000.00	3,100.00	3,500.00	3,600.00
Admin/Management	47,500.00	50,000.00	52,500.00	55,000.00
Building & Grounds	1,000.00	1,000.00	1,500.00	3,000.00
Equipment	500.00	500.00	1,000.00	1,400.00
Faculty Development	1,500.00	1,500.00	1,500.00	1,500.00
Faculty Incentives	1,200.00	1,200.00	1,200.00	1,500.00
Food	2,800.00	3,000.00	3,000.00	3,400.00
Instructional Supply	6,000.00	6,000.00	6,500.00	7,000.00
Insurance	3,600.00	3,700.00	3,800.00	4,000.00
Maintenance Supply	2,500.00	2,600.00	2,700.00	3,000.00
Office Supply	1,200.00	1,200.00	1,500.00	1,500.00
Petty Cash	1,000.00	1,000.00	1,000.00	1,000.00
Printing & copying	1,200.00	1,200.00	1,200.00	1,500.00
Special Events	1,500.00	2,000.00	2,000.00	2,000.00
Telephone	600.00	600.00	600.00	600.00
TOTAL EXPENSE	385,000.00	400,000.00	422,000.00	442,000.00



MARIN DAY SCHOOLS
SAN FRANCISCO CITY HALL CAMPUS
 September 1998 through August 1999

Monthly Rates

* Scholarships and sliding scale fees are available. Please see below.

SCHEDULES

PRESCHOOL

Morning

Afternoon

Full

HOURS

7:30-12:30

12:30-6:00

7:30-6:00

DAYS PER WEEK

2

3

5

\$285 \$385 \$525

\$285 \$385 \$525

\$405 \$575 \$810

INFANT/TODDLER

Morning

Afternoon

Full

7:30-12:30

12:30-6:00

7:30-6:00

\$335 \$480 \$685

\$335 \$480 \$685

\$480 \$705 \$1045

YEARLY FEES

Transition and Preschool Only

Yearly Activity Fee

Drop In Daycare Card

Continuing Student Registration

\$100

\$ 60

\$ 50

Covers Special Events

Drop In Child Care 10 hrs.

Due in the Spring

PLEASE NOTE

*Marin Day Schools is committed to serving and supporting family life. We are always willing to work with families experiencing financial difficulties. We offer scholarships and financial aid whenever possible. Applications for scholarship assistance may be obtained through the school or business office and are awarded on a first come, first served basis as long as funds are available. Please feel very welcome to talk to us anytime, regarding these or any other matters. MDS 39 Drumm Street, San Francisco CA 94111 (415) 331-7766
 Thank you.

All tuitions are due on the first of each month. Quality child care is costly and we really do rely on your prompt payments. Unless specific arrangements are made, a \$20 Late Fee is charged for tuition paid after the fifth of the month. A \$20 Check Fee is charged for all checks returned by the bank. We appreciate your cooperation in paying fees on time. Please be sure to read the MDS Parent Handbook for all policies and procedures.

Item 16 – File 99-0424

Item: Hearing on the fiscal impact to provide one year of paid maternity/paternity leave for employees of the City and County of San Francisco and an unspecified tax incentive amount for businesses that provide one year of paid maternity/paternity leave for its employees.

Description: According the Office of the Sponsor, the subject hearing has been called to consider the fiscal impact of providing one year of paid maternity/paternity leave to City employees as well as tax incentives to businesses who provide similar maternity/paternity leave benefits to their employees. The Budget Analyst's estimated cost for each of these provisions is described below.

Estimated Cost to Provide One Year Paid Maternity/Paternity Leave to City Employees

The Office of the Sponsor provided the following additional details for use by the Budget Analyst in order to estimate the fiscal impact of this proposal. One year of paid leave would be granted for all City employees who are mothers or fathers of newborns as well as for employees who adopt a child under the age of 2 years. The Office of the Sponsor suggested two potential alternatives. Under one alternative, employees would be paid their full annual salary and benefits for the paid leave benefit and under the other alternative, employees would be paid 60 percent of their annual salaries and benefits for the paid leave benefit.

In order to determine the number of children born to City employees and adoptions of children under the age of two years, we consulted the City's Health Services System. Based on the most recent data available, 613 children under the age of two years were added to the Health Services System in FY 1997-98.

According to the Controller's Office, the average annual salary currently earned by a City employee is \$48,334 with an additional \$10,633 in fringe benefits (22 percent) for a total of \$58,967 per employee. Therefore, at an

BOARD OF SUPERVISORS
BUDGET ANALYST

average annual salary and benefit cost of \$58,967 for each employee and a total of 613 births and adoptions, the total cost to the City to provide one year of maternity/paternity leave at full salary and benefits would currently be \$36,146,771 annually. If the maternity/paternity leave benefit paid employees 60 percent of their annual salary and benefits, the current cost would be \$21,688,063 annually.

The estimates provided above do not take into account that children born to or adopted by City employees may not have been enrolled in the City's offered health plans and may instead have been enrolled under another health plan not offered by the City. Therefore, the estimate of 613 births and adoptions by City employees in FY 1997-98 may have underestimated the number of children born to or adopted by City employees and correspondingly may underestimate the number of such employees who may utilize the proposed one-year maternity/paternity leave benefit.

In addition, the estimates provided do not include costs to the City to backfill positions, as needed, which would be temporarily vacated during an employee's maternity/paternity leave.

Estimated Reduced Revenues to the City if the City Were to Provide Tax Credits to Businesses Which Provide One Year Paid Maternity/Paternity Leave to Their Employees

Firms doing business in San Francisco currently pay the City either a Payroll Tax or a Gross Receipts Tax, whichever results in the higher tax liability, if their computed tax liability is \$2,500 or more. If a business has a tax liability of under \$2,500, the business qualifies under the Small Business tax exemption and pays no Payroll or Gross Receipts Taxes to the City.

According to the Tax Collector's Office, approximately 88 percent of firms doing business in San Francisco qualify for the Small Business tax exemption and therefore pay no Payroll or Gross Receipts Taxes to the City. The Tax

Collector's Office advises that there are presently 7,731 businesses that have either a Payroll Tax or Gross Receipts Tax liability of \$2,500 or more annually and therefore are required to pay such taxes to the City. According to the Tax Collector's Office, such businesses employ an estimated 311,937 employees in San Francisco. The Tax Collector's Office reports that an estimated 53,727 businesses pay no Payroll or Gross Receipts Taxes to the City because their computed tax liability is less than \$2,500. Such businesses employ an estimated 75,956 employees in San Francisco.

The Office of the Sponsor suggested a range of annual tax credits between \$500 and \$10,000 in order to estimate the fiscal impact of providing such tax benefits to businesses. It is unknown at this time as to the number of businesses which would provide one year of paid maternity/paternity leave to their employees on the basis that such businesses would receive a tax credit against their Payroll and Gross Receipts Taxes owed to the City. The table below shows the reduced annual tax revenues to the City which would result depending on the amount of the annual tax credit offered and the number of business which would receive the tax credit.

Potential Percentage and Number of All Businesses With Payroll or Gross Receipts Taxes of \$2,500 or More Which Would Receive a Tax Credit*	Tax Credit of \$500	Tax Credit of \$1,000	Tax Credit of \$5,000**	Tax Credit of \$10,000**
1% (77)	\$38,500	\$77,000	\$385,000	\$770,000
5% (387)	\$193,500	\$387,000	\$1,935,000	\$3,870,000
10% (773)	\$386,500	\$773,000	\$3,865,000	\$7,730,000
50% (3,866)	\$1,933,000	\$3,866,000	\$19,330,000	\$38,660,000
100% (7,731)	\$3,865,500	\$7,731,000	\$38,655,000	\$77,310,000

* Based on the number of businesses which had a FY 1997-98 Payroll or Gross Receipts Tax liability of \$2,500 or more (7,731 businesses).

** Actual reduction in annual tax revenues may be lower than shown in table as some businesses have tax liabilities which are less than the \$5,000 or \$10,000 tax credit and therefore would not receive the full tax credit.

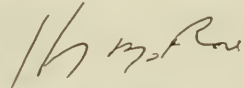
Note: According to the Tax Collector's Office, the total amount of actual Payroll and Gross Receipts Tax revenues collected in FY 1997-98 were \$215,613,703.

BOARD OF SUPERVISORS
BUDGET ANALYST

May 5, 1999 Finance and Labor Committee Meeting

As noted earlier, it is unknown at this time as to the number of businesses which would provide one year of paid maternity/paternity leave to their employees on the basis that such businesses would receive a tax credit against their Payroll and Gross Receipts Taxes owed to the City. However, as shown in the table above, if between one percent and 100 percent of the 7,731 businesses which are liable for the payment of Payroll and Gross Receipts Taxes to the City were to receive an annual tax credit by providing paid maternity/paternity leave benefits to their employees, the range of reduced annual Payroll and Gross Receipts Tax revenues to the City would be as follows:

<u>Tax Credit Amount</u>	<u>Range</u>
\$500	\$38,500-\$3,865,500
\$1,000	\$77,000-\$7,731,000
\$5,000	\$385,000-\$38,655,000
\$10,000	\$770,000-\$77,310,000



Harvey M. Rose

cc: Supervisor Yee
Supervisor Bierman
President Ammiano
Supervisor Becerril
Supervisor Brown
Supervisor Katz
Supervisor Kaufman
Supervisor Leno
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Legislative Analyst
Matthew Hymel
Stephen Kawa
Ted Lakey

BOARD OF SUPERVISORS
BUDGET ANALYST



City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Wednesday, May 12, 1999

10:00 AM

City Hall, Room 263

Regular Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

DOCUMENTS DEPT.

Meeting Convened

The meeting convened at 10:10 a.m.

JUN 16 1999
SAN FRANCISCO
PUBLIC LIBRARY

CONSENT AGENDA

All matters listed hereunder constitute a Consent Agenda, are considered to be routine and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee so requests, in which event the matter shall be removed from the Consent Agenda and considered as a separate item.

990776 [Emergency Repair, Sewers, Various Streets]

Resolution approving the expenditure of funds for the emergency work to replace the structurally inadequate sewers on Kearny Street from Pacific Avenue to Washington Street, Columbus Avenue from Pacific Avenue to Jackson Street, and Jackson Street between Columbus Avenue to Montgomery Street - \$430,057. (Public Utilities Commission)

(Fiscal impact.)

4/21/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

RECOMMENDED...

990777 [Emergency Repair, Jackson Street Brick Sewer]

Resolution approving the expenditure of funds for the emergency work to replace the structurally inadequate brick sewer on Jackson Street from Columbus Avenue to Kearny Street - \$285,821. (Public Utilities Commission)

(Fiscal impact.)

4/21/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

RECOMMENDED...

990778 [Emergency Repair, Pine Street Brick Sewer]

Resolution approving the expenditure of funds for the emergency work to replace the structurally inadequate brick sewer on Pine Street from Montgomery Street to Sansome Street - \$311,921. (Public Utilities Commission)

(Fiscal impact.)

4/21/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

RECOMMENDED...

990779 [Emergency Repair, 4th Street Brick Sewer]

Resolution approving the expenditure of funds for the emergency work to replace the structurally inadequate brick sewer on 4th Street between Folsom Street and Howard Street - \$133,040. (Public Utilities Commission)

4/21/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

RECOMMENDED...

990780 [Emergency Repair, Easement Sewers, Various Locations]

Resolution approving the expenditure of funds for the emergency work to replace the structurally inadequate easement sewers bordered by Baltimore Way, Canyon Drive, Cordova Street, and Naylor Street - \$68,429. (Public Utilities Commission)

4/21/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

RECOMMENDED...

990781 [Emergency Repair, Broderick Street Sewer]

Resolution approving the expenditure of funds for the emergency work to replace the structurally inadequate sewer on Broderick Street from Broadway to Vallejo Street - \$77,650. (Public Utilities Commission)

4/21/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

RECOMMENDED...

990782 [Emergency Repair, Davidson, Custer and Rankin Streets Sewerage System]

Resolution approving the expenditure of funds for the emergency work to perform improvements to the hydraulically inadequate sewerage system in the Davidson, Custer and Rankin collection system - \$1,834,838.80. (Public Utilities Commission)

(Fiscal impact.)

4/21/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

RECOMMENDED...

The foregoing items were acted upon by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

REGULAR AGENDA

**990801 [Reserved Funds, Dept of Administrative Services]
Supervisor Yee**

Hearing to consider release of reserved funds, Department of Administrative Services, (Fiscal Year 1998-1999 Budget), in the amount of \$350,000 to fund the City Hall Child Care Center. (Administrative Services Department)

4/26/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

5/5/99, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Debra Alvarez, Mayor's Office of Children, Youth & Their Families; Supervisor Bierman; Supervisor Ammiano; Supervisor Yee; Steve Nelson, Department of Administrative Services; Joe Wilson, Coleman Advocates. Continued to May 12, 1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst. Amend to reduce the request by \$15,183 to eliminate the additional five percent contingency; release \$303,655.

APPROVED AND FILED.

**990880 [City Hall Child Care Facility License Agreement]
Supervisors Teng, Bierman, Becerril**

Ordinance authorizing and approving a license agreement between the City and County of San Francisco, as licensor, and Marin Day Schools, as licensee, for a child care facility located on the ground floor level of City Hall and at an additional outdoor facility area.

5/3/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Teng; Deborah Alvarez, Director, Mayor's Office of Children, Youth and Their Families; Supervisor Ammiano; Steve Nelson, Director Administrative Services; Supervisor Bierman; Supervisor Yee. In Support: Sue Humbert-Rico, Child Care Advocate; Michele Rutherford, Department of Human Services; Verna Clark, Children's Council of San Francisco; Donna Cahill, Family Day Home.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

**990881 [City Hall Child Care Center Outdoor Play Space]
Supervisors Teng, Bierman, Becerril**

Ordinance exempting the City Hall Child Care Center Outdoor Play Space from the competitive bidding requirements of the San Francisco Administrative Code.

5/3/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Teng; Deborah Alvarez, Director, Mayor's Office of Children, Youth and Their Families; Supervisor Ammiano; Steve Nelson, Director Administrative Services; Supervisor Bierman; Supervisor Yee. In Support: Sue Humbert-Rico, Child Care Advocate; Michele Rutherford, Department of Human Services; Verna Clark, Children's Council of San Francisco; Donna Cahill, Family Day Home.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990803 [Kezar Parking Lot]**Supervisor Brown**

Resolution authoring and approving the management agreement by and between the City and County of San Francisco and U.S. Parking, Inc., for the "Kezar Parking Lot" located at Stanyan and Frederick Streets.

4/26/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Joel Robinson, Acting Director, Recreation and Park; Supervisor Ammiano; Supervisor Yee. Opposed: Mark Gleason, Teamsters, Local 65. Continued to May 26, 1999.

CONTINUED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

982026 [PUC Commercial Paper Issuance]

Resolution approving the issuance of up to \$150,000,000 aggregate principal amount outstanding at any one time of San Francisco Public Utilities Commission Commercial Paper Notes (Water Series) pursuant to Chapter 84 of Part I of the San Francisco Municipal Code in one or more series for the purpose of financing and refinancing certain capital improvements related to the Water Enterprise; approving the maximum interest rate thereon; and related matters. (Public Utilities Commission)

12/2/98, RECEIVED AND ASSIGNED to Finance Committee.

12/16/98, CONTINUED TO CALL OF THE CHAIR. Speakers: None.

1/25/99, TRANSFERRED to Finance and Labor Committee.

4/22/99, SUBSTITUTED.

4/22/99, ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Bill Barry, Assistant General Manager Finance, Public Utilities Commission; Supervisor Yee; Ed Harrington, Controller; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990784 [1999 Water Revenue Bonds Issuance]

Resolution approving the issuance of not to exceed \$140,000,000 aggregate principal amount of San Francisco Water Revenue Bonds to be issued by the Public Utilities Commission of the City and County of San Francisco; affirming covenants contained in the indenture pursuant to which the Water Revenue Bonds are issued; authorizing the execution and delivery of a continuing disclosure certificate; and authorizing the taking of appropriate actions in connection therewith; and related matters. (Public Utilities Commission)

(Fiscal impact.)

4/21/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Bill Barry, Assistant General Manager Finance, Public Utilities Commission; Supervisor Yee; Ed Harrington, Controller; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990045 [Pre-tax Treatment of Buy Backs]**Supervisor Yaki**

Ordinance amending Administrative Code Section 16.29-5 and adding Section 16.61-4 concerning pre-tax treatment of buy backs.

(Amends Section 16.29-5 and adds Section 16.61-4.)

1/11/99, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 2/10/1999.

1/25/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 2/10/1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Yaki; Claire Murphy, Executive Director, Retirement System.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990737 [Street Artists Fund]**Supervisor Teng**

Ordinance amending Administrative Code by adding Section 10.117-123, establishing the Street Artists Fund as a special fund for the purpose of receiving all funds received by the San Francisco Arts Commission Street Artists Program pursuant to Article 24 of the San Francisco Police Code, and providing for interest accumulation therein.

(Adds Section 10.117-123.)

4/19/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Matthew Lonner, Aide to Supervisor Teng; Rich Newirth, Director, Art Commission; William Clark; Bob Clark; Ed Harrington, Controller; Supervisor Ammiano; Supervisor Yee. Amend on page 2, beginning on line 10; delete "in excess of \$50,000, remaining in said fund at the close of any business day"; same title.

AMENDED.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990806 [Ground Lease, 1820 Post Street]**Supervisor Brown**

Resolution approving the Redevelopment Agency of the City and County of San Francisco's lease of the land at Assessor's Block 684, Lot 45, commonly known as 1820 Post Street, to GGA 1820 Post, a California Limited Partnership, for 50 years for the purpose of preserving a housing development for very low and low income households.

4/26/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jim Morales, Director, Redevelopment Agency; Supervisor Yee; Supervisor Bierman; Supervisor Ammiano. In Support: Gordon Chin, Executive Director, Chinatown Redevelopment Center; Gary Kitahata, Japanese Culture Center; Dolores Ivy, President, Golden Gate Apartment Association; James Perini.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990443 [Resource Efficient City Building]

Supervisors Ammiano, Bierman, Leno, Katz, Newsom, Yee

Ordinance amending Administrative Code by adding Chapter 82, Sections 82.1 thru 82.7, establishing resource efficiency requirements for City-owned facilities and City leaseholds.

(Adds Chapter 82, Sections 82.1 thru 82.7.)

(Companion measure to File 990444.)

3/8/99, ASSIGNED UNDER 30 DAY RULE to Public Health and Environment Committee, expires on 4/7/1999.

4/28/99, TRANSFERRED to Finance and Labor Committee. President requests calendaring at the Finance and Labor Committee meeting of May 12, 1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Ammiano; Bill Burke, Architect; Francesca Victor, Director, Department of Environment; Tara Lamont, Department of Architecture; Cal Brumhead, Bureau of Energy conservation; Daniell Baurer, Bureau of Energy Conservation; David Assman; Solid Waste Management; Beryl Magilavy, Sustainable City; Kim Knoxs, San Francisco Water Department. Amendment of the Whole making technical corrections.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990444 [Resource Efficient Pilot Projects]

Supervisors Ammiano, Bierman, Katz, Leno, Newsom, Yee

Ordinance amending Administrative Code by adding Section 82.8 establishing a pilot program to promote resource efficiency in construction of selected City-owned facilities and City leaseholds.

(Adds Section 82.8.)

(Companion measure to File 990443.)

3/8/99, ASSIGNED UNDER 30 DAY RULE to Public Health and Environment Committee, expires on 4/7/1999.

4/28/99, TRANSFERRED to Finance and Labor Committee. President requests calendaring at the Finance and Labor Committee of May 12, 1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Ammiano; Bill Burke, Architect; Francesca Victor, Director, Department of Environment; Tara Lamont, Department of Architecture; Cal Brumhead, Bureau of Energy conservation; Daniell Baurer, Bureau of Energy Conservation; David Assman; Solid Waste Management; Beryl Magilavy, Sustainable City; Kim Knoxs, San Francisco Water Department. Amendment of the Whole making technical corrections.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990732 [Reserved Funds, Municipal Railway]

Hearing to consider release of reserved funds, Municipal Railway, (Federal Surface Transportation funds, File 94-92-8, Resolution No. 906-92), in the amount of \$423,862, to fund the MUNI Metro Tunnel modifications. (Public Transportation Commission)

4/15/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

5/5/99, CONTINUED. Continued to May 12, 1999 at the request of the Department.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jerry Levine, Municipal Railway; Supervisor Yee. Amended to release \$468,862.

APPROVED AND FILED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

ADJOURNMENT

The meeting adjourned at 1:35 p.m.

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CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

May 7, 1999

TO: Finance and Labor Committee

DOCUMENTS DEPT.

FROM: Budget Analyst

MAY 17 1999

SUBJECT: May 12, 1999 Finance and Labor Committee Meeting

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Item 1 - File No. 99-0776

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)
Department of Parking and Traffic (DPT)

Item: Resolution approving the expenditure of funds for the emergency work to replace three structurally inadequate sewers on (1) Kearney Street between Pacific Avenue and Washington Street, (2) Columbus Avenue between Pacific Avenue and Jackson Street, and (3) Jackson Street between Columbus Avenue and Montgomery Street.

Amount: \$430,057

Source of Funds: FY 1998-99 PUC Repair and Replacement Fund

Description: The Public Utilities Commission (PUC) advises that on June 16, 1998, the sewers located on (1) Kearney Street between Pacific Avenue and Washington Street, (2) Columbus Avenue between Pacific Avenue and Jackson Street, and (3) Jackson Street between Columbus Avenue and Montgomery Street failed, and immediate replacement was required in order to protect the health,

welfare, and property of the citizens of San Francisco. The PUC declared an emergency on June 24, 1998. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures, and awarded a contract to Shaw Pipeline, Inc. which submitted the lowest quotation in the amount of \$338,340.

Budget:

The total actual project cost was \$430,057, including \$365,407 in actual construction costs (or \$27,067 more than the contract award amount, see Comment No. 2), \$57,650 for DPW engineering and construction management costs and \$7,000 for DPT traffic control costs.

A summary of this budget is as follows:

Construction Contract	\$365,407
DPW Bureau of Engineering	32,650
DPW Bureau of Construction Management	25,000
DPT Traffic Control	<u>7,000</u>
Total	\$430,057

Comments:

1. Invitations for proposals were faxed to 22 contractors on June 30, 1998. Three quotations were received by PUC from qualified contractors on July 2, 1998. PUC reports that Shaw Pipeline, Inc. submitted the lowest quotation and was awarded the contract in the amount of \$338,340. The following table lists the contractors who submitted quotations, the amounts of the quotations, and the MBE/WBE/LBE status of the contractors:

<u>Contractor</u>	<u>Quotation</u>	<u>MBE/LBE Status</u>
Shaw Pipeline, Inc.	\$338,340	LBE
Darcy & Harty Construction	\$348,970	LBE
J.M.B. Construction	\$414,009	MBE/LBE

2. PUC reports that although the contract was awarded in the amount of \$338,340, the final contract cost, after adjustment for actual quantities used during construction, was \$365,407 or \$27,067 more than the contract amount of \$338,340.

3. Mr. P.T. Law of the DPW advises that due to various delays in receiving expenditure documentation from the contractor, the PUC is requesting approval of this resolution approximately five months after the construction work was completed on December 14, 1998.

4. The attached memorandum, provided by Mr. Law, explains why this sewer replacement work was considered an emergency, thereby not requiring the contract to be awarded under the City's formalized competitive bidding procedures, in view of the fact that an emergency was declared on June 24, 1998, but the work, except for sewer stabilization, did not begin until October 12, 1998, which is over three months from the time that DPW received contractor quotations on July 2, 1998.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

City and County of San Francisco



Willie Lewis Brown, Jr., Mayor
Mark A. Primeau, AIA, Director and City
Architect



(415) 554-8355
FAX (415) 554-8308
norman_chen@clst.ca.us

Department of Public Works
Bureau of Engineering
Hydraulic Section
1680 Mission Street, 2nd Floor
San Francisco, CA 94103
Norman Chan, Section Manager

TO: Gabe Cabrera
Budget Analyst

FROM: P.T. Law *PTL*
Bureau of Engineering, Hydraulic Section

SUBJECT: Contract No. CW-193E
Kearny / Columbus / Jackson Emergency Sewer Replacement

DATE: May 7, 1999

The subject sewer project was awarded as an emergency contract at the request of the Public Utilities Commission's Sewer Operations crew. Although this sewer was stabilized as soon as the contract was awarded to the contractor, it was only a temporary solution until a permanent sewer replacement could be completed. The emergency stabilization curtailed immediate dangers to the public, but flow capacity was severely restricted. Thus, PUC requested all permanent work be completed. Because regular contract procedures utilizing a competitive bidding process would have added approximately six more months to the project schedule, an emergency contract was utilized instead.

The subject sewers were stabilized soon after the contract was awarded to the contractor, Shaw Pipeline. Shaw Pipeline started the construction on October 12, 1998. Originally, Shaw Pipeline was scheduled to begin construction on August 7, 1998 after receiving their sewer pipe shipment. There were two primary reasons for the three-month delay in construction.

First, JMB Construction Co. was working on another emergency contract on Jackson Street between Columbus Avenue and Kearny Street. It began on June 17, 1998 and finished on August 28, 1998. In order to minimize disruptions to the neighborhood and comply with work site limitations, only one contractor was allowed in the area at any time. Shaw pipeline was given the official notice to proceed after JMB Construction Co. finished their work. Meanwhile, Shaw Pipeline continued to work on their other on-going construction until they could move in to start work on the subject emergency project.

In addition, Contract No. CW-193E called for the installation of 356 feet of 33-inch diameter reinforced concrete pipe (RCP) sewers. These pipes had to be manufactured and shipped to Shaw Pipeline before construction could begin. This process took over a month. Hence, construction could not begin until October 1998.

If you have any questions, please call me at 554-8347 or the project engineer, Thomas Won, at 554-8275.

cc: Thomas Won
NORMAN CHAN
CHRISTINE TANG

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Item 2 - File No. 99-0777

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution approving the expenditure of funds for the emergency work to replace a structurally inadequate sewer on Jackson Street between Columbus Avenue and Kearny Street.

Amount: \$285,821

Source of Funds: FY 1998-99 PUC Repair and Replacement Fund

Description: The Public Utilities Commission (PUC) advises that on June 16, 1998, the sewer located on Jackson Street between Columbus Avenue and Kearney Street failed, and immediate replacement was required in order to protect the health, welfare, and property of the citizens of San Francisco. The PUC declared an emergency on June 16, 1998. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures, and awarded a contract to J.M.B. Construction, Inc. in the amount of \$212,050.

Budget: The total actual project cost was \$285,821, including \$237,271 in actual construction costs (or \$25,221 more than the contract award amount, see Comment No. 2), \$20,650 for DPW engineering costs and \$27,900 for DPW construction management and inspection costs.

A summary of this budget is as follows:

Construction Contract	\$237,271
DPW Bureau of Engineering	20,650
DPW Bureau of Construction Management	
Construction Management	5,900
Contract for Construction Inspection	<u>22,000</u>
Total	\$285,821

Comments: 1. Invitations for proposals were faxed to 5 contractors on June 16, 1998. According to Mr. P.T. Law of DPW, because the emergency at Jackson Street required

BOARD OF SUPERVISORS
BUDGET ANALYST

immediate remedial action to ensure public safety, only these five contractors were contacted by PUC for their immediate availability and past construction experience. Two quotations were received by PUC from qualified contractors on June 17, 1998. PUC reports that Shaw Pipeline, Inc. submitted the lowest quotation in the amount of \$201,125. However, according to Mr. Law, after application of business enterprise preferences in accordance with Chapter 12D of the San Francisco Administrative Code, J.M.B. Construction, Inc., which submitted the second lowest quotation, was awarded the contract in the amount of \$212,050. A preference of approximately \$21,205 or 10 percent was applied to the J.M.B. Construction, Inc. quotation, resulting in the lowest adjusted quotation of \$190,845. The following table lists the contractors who submitted quotations, the amounts of the quotations and the MBE/WBE/LBE status of the contractors:

<u>Contractor</u>	<u>Quotation</u>	<u>MBE/LBE Status</u>
Shaw Pipeline, Inc.	\$201,125	LBE
J.M.B. Construction, Inc.	\$212,050	MBE/LBE

2. As noted above, PUC awarded the contract in the amount of \$212,050. However, the final contract cost was \$237,271 (or \$25,221 more than the contract amount of \$212,050) because, according to Mr. P.T. Law of DPW, DPW requested a change order to the contract for the contractor to perform unexpected additional work repairing a side sewer that runs directly beneath the damaged main sewer.

3. PUC reports that the replacement of the damaged sewer began on June 17, 1998 and was completed on August 28, 1998.

4. Mr. Law advises that due to various delays in receiving expenditure documentation from the contractor, the PUC is requesting approval of this resolution over eight months after the construction work was completed.

Recommendation: Approve the proposed resolution.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 3 - File No. 99-0778

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution approving the expenditure of funds for the emergency work to replace a structurally inadequate sewer on Pine Street between Montgomery and Sansome Streets.

Amount: \$311,921

Source of Funds: FY 1998-99 PUC Repair and Replacement Fund

Description: The Public Utilities Commission (PUC) advises that on June 8, 1998, the sewer located on Pine Street between Montgomery and Sansome Streets failed, and immediate replacement was required in order to protect the health, welfare, and property of the citizens of San Francisco. The PUC declared an emergency on June 9, 1998. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures, and awarded a contract to J.M.B. Construction, Inc. in the amount of \$255,705.

Budget: The total actual project cost was \$311,921, including \$253,771 in actual construction costs (or \$1,934 less than the contract award amount, see Comment No. 2), \$29,150 for DPW engineering and \$29,000 for DPW construction management and inspection costs.

A summary of this budget is as follows:

Construction Contract	\$253,771
DPW Bureau of Engineering	29,150
DPW Bureau of Construction Management	
Construction Management	3,000
Contract for Construction Inspection	<u>26,000</u>
Total	\$311,921

Comments: 1. Invitations for proposals were faxed to 22 contractors on June 17, 1998. Two quotations were received by PUC from qualified contractors on June 19, 1998. PUC reports

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BUDGET ANALYST

that Darcy & Harty Construction submitted the lowest quotation in the amount of \$242,665. However, according to Mr. P.T. Law of DPW, after application of business enterprise preferences in accordance with Chapter 12D of the San Francisco Administrative Code, J.M.B. Construction, Inc., which submitted the second lowest quotation, was awarded the contract in the amount of \$255,705. A preference of approximately \$25,571 or 10 percent was applied to the J.M.B. Construction, Inc. quotation, resulting in the lowest adjusted quotation of \$230,134. The following table lists the contractors who submitted quotations, the amounts of the quotations and the MBE/WBE/LBE status of the contractors:

<u>Contractor</u>	<u>Quotation</u>	<u>MBE/LBE Status</u>
Darcy & Harty Construction	\$242,665	LBE
J.M.B. Construction, Inc.	\$255,705	MBE/LBE

2. PUC reports that although the contract was awarded in the amount of \$255,705, the final contract cost, after adjustment for actual quantities used during construction, was \$253,771 or \$1,934 less than the contract amount of \$255,705.

3. PUC reports that the replacement of the damaged sewer began on June 22, 1998, and was completed on July 29, 1998.

4. Mr. Law advises that due to various delays in receiving expenditure documentation from the contractor, the PUC is requesting approval of this resolution over nine months after the construction work was completed.

Recommendation: Approve the proposed resolution.

Item 4 - File No. 99-0779

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution approving the expenditure of funds for the emergency work to replace a structurally inadequate sewer on 4th Street between Folsom and Howard Streets.

Amount: \$133,040

Source of Funds: FY 1998-99 PUC Repair and Replacement Fund

Description: The Public Utilities Commission (PUC) advises that on January 15, 1998, the sewer located on 4th Street between Folsom and Howard Streets failed, and immediate replacement was required in order to protect the health, welfare, and property of the citizens of San Francisco. The PUC declared an emergency on January 15, 1998. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures, and awarded a contract to Shaw Pipeline, Inc. which submitted the lowest quotation in the amount of \$103,185.

Budget: The total actual project cost was \$133,040, including \$99,040 in actual construction costs (or \$4,145 less than the contract award amount, see Comment No. 2) and \$34,000 for DPW engineering and construction management costs.

A summary of this budget is as follows:

Construction Contract	\$99,040
DPW Bureau of Engineering	18,000
DPW Bureau of Construction Management	<u>16,000</u>
Total	\$133,040

Comments: 1. Invitations for proposals were faxed to 21 contractors on January 17, 1998. Four quotations were received by PUC from qualified contractors on January 20, 1998. PUC reports that Shaw Pipeline, Inc. submitted the lowest quotation and was awarded the contract in the

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amount of \$103,185. The following table lists the contractors who submitted quotations, the amounts of the quotations, and the MBE/WBE/LBE status of the contractors:

<u>Contractor</u>	<u>Quotation</u>	<u>MBE/LBE Status</u>
Shaw Pipeline, Inc.	\$103,185	LBE
Uniacke Construction, Inc.	\$105,450	LBE
Darcy & Harty/San Luis JV	\$115,991	MBE/LBE
Harty Pipelines, Inc.	\$118,834	MBE/LBE

2. PUC reports that although the contract was awarded in the amount of \$103,185, the final contract cost, after adjustment for actual quantities used during construction, was \$99,040 or \$4,145 less than the contract amount of \$103,185.

3. PUC reports that the replacement of the damaged sewer began on January 28, 1998, and was completed on February 17, 1998.

4. Mr. P.T. Law of DPW advises that due to various delays in receiving expenditure documentation from the contractor, the PUC is requesting approval of this resolution over fourteen months after the construction work was completed.

Recommendation: Approve the proposed resolution.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 5 - File No. 99-0780

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution approving the expenditure of funds for the emergency work to replace two structurally inadequate sewers bordered by Baltimore Way, Canyon Drive, Cordova and Naylor Streets.

Amount: \$68,429

Source of Funds: FY 1998-99 PUC Repair and Replacement Fund

Description: The Public Utilities Commission (PUC) advises that on February 16, 1998, the two sewers bordered by Baltimore Way, Canyon Drive, Cordova and Naylor Streets failed, and immediate replacement was required in order to protect the health, welfare, and property of the citizens of San Francisco. The PUC declared an emergency on February 27, 1998. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures, and awarded a contract to K.J. Woods Construction which submitted the lowest quotation in the amount of \$46,990.

Budget: The total actual project cost was \$68,429, including \$46,279 in actual construction costs (or \$711 less than the contract award amount, see Comment No. 2) and \$22,150 for DPW engineering and construction management costs.

A summary of this budget is as follows:

Construction Contract	\$46,279
DPW Bureau of Engineering	10,150
DPW Bureau of Construction Management	<u>12,000</u>
Total	\$68,429

Comments: 1. Invitations for proposals were faxed to 16 contractors on March 9, 1998. Four quotations were received by PUC from qualified contractors on March 11, 1998. PUC reports that K.J. Woods Construction submitted the lowest quotation and was awarded the contract in the

BOARD OF SUPERVISORS
BUDGET ANALYST

amount of \$46,990. The following table lists the contractors who submitted quotations, the amounts of the quotations, and the MBE/WBE/LBE status of the contractors:

<u>Contractor</u>	<u>Quotation</u>	<u>MBE/LBE Status</u>
K.J. Woods Construction	\$46,990	LBE
Harty Pipelines, Inc.	\$62,445	WBE/LBE
Darcy & Harty Construction	\$71,935	LBE
Troy's Contracting	\$85,147	MBE/LBE

2. PUC reports that although the contract was awarded in the amount of \$46,990, the final contract cost, after adjustment for actual quantities used during construction, was \$46,279 or \$711 less than the contract amount of \$46,990.

3. PUC reports that the replacement of the two damaged sewers began on March 17, 1998, and was completed on April 6, 1998.

4. Mr. P.T. Law of DPW advises that due to various delays in receiving expenditure documentation from the contractor, the PUC is requesting approval of this resolution over thirteen months after the construction work was completed.

Recommendation: Approve the proposed resolution.

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Item 6 - File No. 99-0781

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution approving the expenditure of funds for the emergency work to replace a structurally inadequate sewer on Broderick Street between Broadway and Vallejo Streets.

Amount: \$77,650

Source of Funds: FY 1998-99 PUC Repair and Replacement Fund

Description: The Public Utilities Commission (PUC) advises that on March 6, 1998, the sewer located on Broderick Street between Broadway and Vallejo Streets failed, and immediate replacement was required in order to protect the health, welfare, and property of the citizens of San Francisco. The PUC declared an emergency on March 9, 1998. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures, and awarded a contract to K.J. Woods Construction which submitted the lowest quotation in the amount of \$56,920.

Budget: The total actual project cost was \$77,650, including \$54,000 in actual construction costs (or \$2,920 less than the contract award amount, see Comment No. 2) and \$23,650 for DPW engineering and construction management costs.

A summary of this budget is as follows:

Construction Contract	\$54,000
DPW Bureau of Engineering	13,650
DPW Bureau of Construction Management	<u>10,000</u>
Total	\$77,650

Comments: 1. Invitations for proposals were faxed to 22 contractors on March 16, 1998. Two quotations were received by PUC from qualified contractors on March 17, 1998. PUC reports that K.J. Woods Construction submitted the

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lowest quotation and was awarded the contract in the amount of \$56,920. The following table lists the contractors who submitted quotations, the amounts of the quotations, and the MBE/WBE/LBE status of the contractors:

<u>Contractor</u>	<u>Quotation</u>	<u>MBE/LBE Status</u>
K.J. Woods Construction	\$56,920	LBE
Darcy & Harty/San Luis JV	\$64,635	MBE/LBE

2. PUC reports that although the contract was awarded in the amount of \$56,920, the final contract cost, after adjustment for actual quantities used during construction, was \$54,000 or \$2,920 less than the contract amount of \$56,920.

3. PUC reports that the replacement of the damaged sewer began on March 23, 1998 and was completed on April 13, 1998.

4. Mr. P.T. Law of DPW advises that due to various delays in receiving expenditure documentation from the contractor, the PUC is requesting approval of this resolution approximately thirteen months after the construction work was completed.

Recommendation: Approve the proposed resolution.

Item 7 - File No. 99-0782

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution approving the expenditure of funds for the emergency work to perform immediate remedial improvements to the sewer system located near Davidson, Custer and Rankin Streets.

Amount: \$1,834,839

Source of Funds: Previously reserved funds from the sale proceeds of 1998 PUC Sewer Revenue Bonds

Description: According to Mr. P.T. Law of the DPW, Davidson, Custer and Rankin Streets have been prone to flooding during moderate to heavy rainfall storms because the sewer system there is unable to adequately support the rainwater runoff from such storms. Mr. Law advises that this sewer system required immediate remedial improvements before the start of another rainy season in order to prevent further flooding of Davidson, Custer and Rankin Streets and thereby protect the health, welfare and property of the citizens of San Francisco. As such, on March 3, 1998, PUC declared that an emergency existed at the sewer system located near Davidson, Custer and Rankin Streets. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures for the subject emergency work, and awarded a contract to A. Ruiz Construction in the amount of \$986,353.

Budget: The total actual project cost was \$1,834,839, including \$1,253,317 in actual construction costs (or \$266,964 more than the contract award amount, see Comment No. 2), \$355,232 for DPW engineering and construction management costs and \$226,290 for various other project costs.

A summary of this budget is as follows:

Construction Contract	\$1,253,317
DPW Bureau of Engineering	215,000
DPW Bureau of Construction Management	140,232
Other Project Costs	<u>226,290</u>
Total	\$1,834,839

The Attachment, provided by DPW, contains further budget details to support this 1,834,839 budget.

Comments: 1. Invitations for proposals were faxed to 11 contractors on March 31, 1998. Five quotations were received by PUC from qualified contractors on April 10, 1998. PUC reports that A. Ruiz Construction submitted the second lowest quotation, but was awarded the contract in the amount of \$986,353. Willie Electric Company, the lowest bidder, was rejected as a non-responsive firm because the firm did not provide an acceptable performance bond, according to Mr. Law. The following table lists the contractors who submitted quotations, the amounts of the quotations and the MBE/WBE/LBE status of the contractors:

<u>Contractor</u>	<u>Quotation</u>	<u>MBE/LBE Status</u>
Willie Electric Company	\$803,725	--
A. Ruiz Construction	\$986,353	MBE/LBE
Ranger Pipeline / Equivel Grading & Paving JV	\$1,137,590	MBE/LBE
Darcy & Harty / San Luis JV	\$1,218,021	MBE/LBE
Marinship Construction	\$1,644,595	MBE/LBE

2. As noted above, PUC awarded the contract in the amount of \$986,353. However, the final contract cost was \$1,253,317 (or \$266,964 more than the original contract amount of \$986,353) because, according to Mr. Law, the DPW requested a change order to the contract for the contractor to perform unanticipated additional work replacing side sewers, installing water pumps and modifying the existing rainwater and sewage collection tank in order to prevent further failures of the sewer system at Davidson, Custer and Rankin Streets.

3. PUC reports that the necessary work on the sewer system began on May 4, 1998, and was completed on May 6, 1999.

Recommendation:

Approval of the proposed resolution is a policy matter for the Board of Supervisors since the contract, which was not awarded under the City's formalized competitive bidding procedures, was over \$1.2 million and the emergency project took over one year to its completion.

Page 3 PUC Calendar Item Number:

Department: Utilities Engineering Bureau

Project: CW-148, Rankin Drainage Basin Improvement
Emergency Sewer Work

As shown, the cost of this project is projected to be \$1,834,838.80:

Bureau of Engineering (Planning, Design, and Construction Support)	\$ 215,000.00
Bureau of Construction Management (Construction Inspection)	\$ 140,232.00
Department of Parking & Traffic (Traffic Routing Specifications)	\$ 10,000.00
Construction Contract Cost	\$1,253,316.80
Sewer Spot Repair Contract	\$ 40,000.00
Consultant - Don Todd Associates (Construction Management)	\$ 40,000.00
Hatch Hetchy (Provide Power for Pump Operation)	\$ 14,290.00
Purchasing (Sewer Manhole Covers Molds)	\$ 2,000.00
Public Utilities Commission (Project Management)	\$ 50,000.00
Clean Water Department (Pump Design)	\$ 50,000.00
<u>Other Direct Charges (Permitting & Various Utility Clearance Fees)</u>	<u>\$ 20,000.00</u>
Total Project Cost	\$1,834,838.80

This project is part of the Clean Water Program's sewer replacement program. Funds are available from the 1998 Sewer Revenue Bond Fund (5C/CPF/88B, FAMIS Project No. CENCMPRK49, Job Order No. 1449N).

Item 8 - File 99-0801

Note: This item was continued at the May 5, 1999 Finance and Labor Committee Meeting.

Department: Department of Administrative Services
Department of Children, Youth and Their Families

Item: Request for release of \$318,838 to complete the construction, equipment and furnishings for the City Hall Child Care Center.

Amount: \$318,838

Source of Funds: General Fund

Budget:

Exterior Playground	\$ 158,350
Interior Improvements	90,000
Fixtures, Furnishings & Equip	<u>55,305</u>
Subtotal	\$303,655
5 Percent Contingency	<u>15,183</u>
Total	\$318,838

Description: The proposed request would release \$318,838 of the total of \$350,000 which was placed on reserve in the FY 1998-99 Department of Administrative Services budget for a Child Care Center in City Hall. According to Mr. Steve Nelson of the Department of Administrative Services, these funds were placed on reserve for the City Hall Child Care Center because, at the time of the FY 1998-99 budget deliberations, the Department could not identify (a) the specific childcare facility requirements and (b) the associated costs that would be necessary to complete such a facility.

The new Child Care Center would consist of approximately 3,500 square feet located in the northwest quadrant of the basement of City Hall with the main entrance and access from McAllister Street. In addition, the Child Care Center would have two outdoor play areas on the McAllister Street side of City Hall, comprising an additional approximately 1,800 square feet.

Comments: 1. Mr. Nelson reports that he does not have a separate breakdown of the costs to construct the basic space for the Child Care Center, which was

completed as part of the overall City Hall renovation project. However, Mr. Nelson reports that in the final plan there will be two separate children's bathrooms and one adult bathroom as well as two food preparation areas in the proposed space, although the children will be required to bring their own lunches and Marin Day School will provide morning and afternoon snacks. Mr. Nelson notes that the construction of this space has already included one bathroom for children, one bathroom for adults, three undercounter refrigerators, one full-size refrigerator, one washer and dryer and two dishwashers. Mr. Nelson notes that the requested \$318,838 would complete the necessary renovations to make the space useable for a Child Care Center.

2. As noted above, the City Hall Child Care Center would have two exterior play areas, one for toddlers, at a cost of \$80,260, and one for infants, at a cost of \$78,090, for a total cost of \$158,350. The Budget Analyst questioned why the City Hall Child Care Center is proposing to construct these two exterior play areas, when over the past five years, the City has spent over \$600,000 of Open Space Funds to construct two extensive play areas, specifically geared toward young children in the Civic Center Plaza, directly across the street from City Hall. Ms. Karen Hong, of the Department of Administrative Services responded that (1) the Civic Center Plaza facilities are currently overcrowded since other childcare facilities in the Tenderloin use these play areas and 2) Marin Day Schools would need a waiver of State licensing requirements to be able to use these play areas. Furthermore, Ms. Hong notes that Marin Day Schools has agreed to allow neighborhood Tenderloin childcare facilities to use the proposed two new City Hall exterior play areas.

In addition, the exterior play areas are proposed to have wrought iron fencing surrounding the area, at a total cost of \$34,688. An alternative chain link fence, at a total cost of \$16,955, or less than half the cost of the wrought iron fence, was rejected

because according to Mr. Nelson, it was not architecturally consistent with the rest of City Hall, and was determined to be less safe for the children. The actual play equipment for the children in the play areas is anticipated to cost \$25,864, including a playstructure for \$8,752 and a play maze for \$7,427.

3. Furthermore, the budget details reviewed by the Budget Analyst's Office reflected toy and children's furniture costs that appear excessive. For example, \$190 for a set of five small trucks, \$610 for a set of nursery mini hollow blocks, \$710 for a set of half school unit blocks, \$185 for Bouncy Birds, 32 small chairs for the children for \$2,036, or an average cost of \$64 per chair and \$507 for aquariums. In response, Ms. Hong reports that the childcare facility furnishings will be consistent with the high quality of the other furnishings in City Hall, and that the Department of Administrative Services and Marin Day School agreed to the need to purchase only high quality toys and equipment that would last for a long time and not require replacement in the near future.

4. The interior construction cost estimate of \$90,000 includes a contingency of approximately 20 percent. Ms. Sherri Williams of the City Architect's Office reports that this 20 percent contingency will be needed for additional Americans With Disability Act improvements (ADA) and fire safety renovations. Ms. Williams notes that this interior work will actually be completed by the Bureau of Building Repair (BBR) and a contractor, ISEC, that specializes in interior woodwork and equipment, who has been working on the City Hall renovations. The Budget Analyst also notes that the budget for the two exterior play areas includes a contingency factor of an unquantified amount. The Budget Analyst therefore questions why the subject request includes an additional five percent contingency of \$15,183, on top of these two other construction contingencies. The Budget Analyst therefore recommends that this additional five

percent contingency be eliminated for a savings of \$15,183.

5. Mr. Nelson reports that the proposed Child Care Center will be able to accommodate a total of 49 children, based on the following breakdown by ages:

Infant & Toddlers (2 mos.- 30 mos.)	21
Young Preschool (30 mos. - 3 ½ yrs.)	12
Preschool (3 ½ yrs. - 5 ½ yrs.)	16
Total	49

Mr. Nelson notes that it is likely that all 49 available spots for children will not be filled immediately. However, based on a total requested cost of \$318,838, and assuming that all 49 spots are eventually filled, it results in an average capital expenditure of \$6,507 per child.

6. Mr. Nelson reports that initially the City did not receive any responses to the City Hall Child Care Center Request For Proposal (RFP), until the date was extended and more requests were issued. Ultimately, the City only received two responses to their RFP, one from Florence Crittenden Services and one from Marin Day Schools. Mr. Nelson notes that Florence Crittenden Services specializes in at-risk youth, and was not determined to have significant experience with infant day care services. Marin Day Schools was selected as the operator of the proposed City Hall Child Care Center, based on a review panel process consisting of representatives from the Department of Children, Youth and Their Families, the Department of Administrative Services, Department of Human Services and the Mayor's Office, according to Mr. Nelson.

7. Under a pending three-year contract between the City and Marin Day Schools, which would extend from July 1, 1999 through June 30, 2002, Marin Day Schools would pay the City \$1 per year for the proposed space and the City would be responsible for renovations of the facility of up to \$350,000, and for providing all utilities, janitorial and

maintenance services. Under this agreement, Marin Day Schools would collect all of the revenues and pay all of the operating expenses. Mr. Nelson notes that the Department of Children, Youth and Their Families will be entering into this three-year operating agreement with Marin Day Schools, to be effective July 1, 1999, which would not be subject to the Board of Supervisors approval. However, Mr. Nelson reports that a resolution authorizing the City to enter into a lease with Marin Day Schools for Marin to pay the City \$1 per year is currently being prepared and will be subject to the approval of the Board of Supervisors.

8. As shown in Attachment 1, provided by Marin Day Schools, the estimated operating costs for this facility is \$385,000 the first year of operation, increasing to \$422,000 by the third year of operation. Approximately 97 percent of the operating costs, or \$375,000 of the total \$385,000 operating costs during the first year is anticipated to be financed from tuition income. However, the tuition income includes an annual \$50,000 General Fund subsidy (See Comment No. 10). The balance of approximately three percent of the operating costs will be financed from other revenues and donations realized by Marin Day Schools.

9. Attachment 2, provided by Marin Day Schools identifies the monthly tuition rates ranging from \$285 per child for two mornings for the preschool children to \$1,045 per child for five full days for the infant/toddler program. However, since most of the people using the facility are likely to be full-time City employees, it is likely that five full days of care would be needed for their children.

Given the need for moderate child care costs for City employees, the Budget Analyst questions the monthly costs for full-time care of between \$810 for preschool students to \$1,045 for infant/toddlers. Additionally, Marin Day Schools charges a \$100 annual activity fee and a \$50 student registration fee. Mr. Nelson reports that the proposed tuition

rates are the same rates that Marin Day Schools charges at its other facilities.

10. According to Mr. Nelson, beginning in FY 1999-2000, the City, through the Department of Administrative Services, will contribute an annual General Fund subsidy of \$50,000 to the proposed Child Care Center to provide tuition scholarships and subsidies for low-income families using the City Hall Child Care Center. Mr. Nelson notes that the Department budgeted \$175,000 for six months of tuition subsidies in FY 1998-99 for the City Hall Child Care Center, but under the proposed plan, this would be reduced to the currently projected \$50,000 annually. Mr. Nelson adds that the City's \$50,000 annual contribution is included as part of the tuition income line item in Attachment 1.

11. Mr. Nelson reports that there is likely to be more requests to place children in the City hall Child Care Center than the 49 available slots. Therefore, Ms. Hong notes that a priority system has been developed by the City Hall Policy Committee, which is comprised of representatives from the Controller's Office, Mayor's Office, Treasurer's Office, Department of Administrative Services and the City Architect. Under this priority system, first priority will be given to employees who work in City Hall, including City employees and non-City employees who work in the City Store and cafes. Second priority will be given to City employees who work in the Civic Center area, and the third priority will be given to other City employees. In addition, Mr. Nelson notes that of the total 49 available childcare slots, five slots will be set aside for children from the adjacent Tenderloin neighborhood. However, in all cases, Mr. Nelson reports that the actual selection of child care applicants will be made by the Marin Day Schools.

12. Although City Hall opened in early January of 1999, the City Hall Child Care Center is not anticipated to open until September of 1999, or eight months later. Mr. Nelson reports that this

delay occurred due to safety concerns, since all of the construction work was not completed in City Hall when it opened in January of 1999, and due to the operational difficulty for Marin Day Schools to begin a Child Care Center in mid-year, rather than at the beginning of the regular school year.

13. In response to the Finance and Labor Committee's request for a summary of childcare rates at the Yerba Buena Childcare Center, Ms. Fran Kipnis of the Department of Children, Youth and Their Families reports that she will be able to provide such information at the May 12, 1999 Finance and Labor Committee Meeting.

14. The Budget Analyst raises the following concerns about the requested release of reserve: (1) there were only two responders to the City's RFP to provide childcare services in City Hall, and only one of the responders, Marin Day Schools, had extensive experience in providing both infant/toddler and preschool services, (2) the facility has two food preparation areas, with a refrigerator in each of the two food preparation areas as well as two additional refrigerators in the other two rooms, yet the children will be responsible for bringing their own lunches to school, and Marin Day will just be providing snacks for the children, (3) two exterior play areas are proposed, at a total cost of \$158,350, although directly across the street in the Civic Center Plaza, the City recently constructed extensive play areas for small children, at a cost of over \$600,000 with Open Space funds, (4) expensive furnishings, equipment and toys are being selected for this facility at a total cost of \$81,169, (5) an additional contingency of five percent is provided under this subject request for all of the proposed expenditures, at a cost of \$15,183, which is on top of two other contingencies previously allocated for the interior and exterior construction projects, (6) there is a need for moderate child care costs for City employees. As noted above, the monthly costs for full-time child care range between \$810 to \$1,045 per month per child, in addition to the annual

activity fee of \$100 and an additional \$50 student registration fee.

Recommendation: At a minimum, reduce the request by \$15,183 to eliminate the additional five percent contingency, as referenced in Comment Nos. 4 and 14 above. Approval of the remaining request of \$303,655 is a policy matter for the Board of Supervisors.



SAN FRANCISCO CITY HALL CHILD CARE CENTER
PROPOSED OPERATING BUDGETS

71,000 FC
41,000 MDC
fundraising

INCOME	YEAR ONE	YEAR TWO	YEAR THREE	YEAR FOUR
Tuition	375,000.00	390,000.00	410,000.00	430,000.00
Registration	3,500.00	3,500.00	4,000.00	4,000.00
Activity Fees	2,500.00	2,500.00	3,000.00	3,000.00
Donations	4,000.00	4,000.00	5,000.00	5,000.00
TOTAL INCOME	385,000.00	400,000.00	422,000.00	442,000.00

113,100 FC
106,000 MDC
71,000
donor

EXPENSE

Salaries	290,000.00	290,000.00	305,000.00	317,000.00
Payroll Taxes	24,000.00	25,100.00	27,000.00	28,000.00
Health Insurance	5,500.00	5,300.00	6,500.00	7,000.00
Workers Comp.	3,000.00	3,100.00	3,500.00	3,500.00
Admin/Management	47,500.00	50,000.00	52,500.00	55,000.00
Building & Grounds	1,000.00	1,000.00	1,500.00	3,000.00
Equipment	500.00	500.00	1,000.00	1,400.00
Faculty Development	1,500.00	1,500.00	1,500.00	1,500.00
Faculty Incentives	1,200.00	1,200.00	1,200.00	1,500.00
Food	2,800.00	3,000.00	3,000.00	3,400.00
Instructional Supply	6,000.00	6,000.00	6,500.00	7,000.00
Insurance	3,600.00	3,700.00	3,800.00	4,000.00
Maintenance Supply	2,500.00	2,600.00	2,700.00	3,000.00
Office Supply	1,200.00	1,200.00	1,500.00	1,500.00
Petty Cash	1,000.00	1,000.00	1,000.00	1,000.00
Printing & copying	1,200.00	1,200.00	1,200.00	1,500.00
Special Events	1,500.00	2,000.00	2,000.00	2,000.00
Telephone	600.00	600.00	600.00	600.00
TOTAL EXPENSE	385,000.00	400,000.00	422,000.00	442,000.00



MARIN DAY SCHOOLS
SAN FRANCISCO CITY HALL CAMPUS
 September 1998 through August 1999

Monthly Rates

* Scholarships and sliding scale fees are available. Please see below.

SCHEDULES		DAYS PER WEEK		
PRESCHOOL		2	3	5
Morning	7:30-12:30	\$285	\$385	\$525
Afternoon	12:30-6:00	\$285	\$385	\$525
Full	7:30-6:00	\$405	\$575	\$810
INFANT/TODDLER				
Morning	7:30-12:30	\$335	\$480	\$685
Afternoon	12:30-6:00	\$335	\$480	\$685
Full	7:30-6:00	\$480	\$705	\$1045

YEARLY FEES

Transition and Preschool Only		
Yearly Activity Fee	\$100	Covers Special Events
Drop In Daycare Card	\$ 60	Drop In Child Care 10 hrs.
Continuing Student Registration	\$ 50	Due in the Spring

PLEASE NOTE

*Marin Day Schools is committed to serving and supporting family life. We are always willing to work with families experiencing financial difficulties. We offer scholarships and financial aid whenever possible. Applications for scholarship assistance may be obtained through the school or business office and are awarded on a first come, first served basis as long as funds are available. Please feel very welcome to talk to us anytime, regarding these or any other matters. MDS 39 Drumm Street, San Francisco CA 94111 (415) 331-7766
 Thank you.

All tuitions are due on the first of each month. Quality child care is costly and we really do rely on your prompt payments. Unless specific arrangements are made, a \$20 Late Fee is charged for tuition paid after the fifth of the month. A \$20 Check Fee is charged for all checks returned by the bank. We appreciate your cooperation in paying fees on time. Please be sure to read the MDS Parent Handbook for all policies and procedures.

Item 9 - File 99-0880

Department: Department of Administrative Services
Real Estate Department

Item: Ordinance authorizing and approving a license agreement between the City and County of San Francisco, as Licensor, and Marin Day Schools, as Licensee, for a child care facility located on the ground floor level of City Hall and at an additional outdoor facility area.

Term of License: July 1, 1999 through June 30, 2002 (three years)

Location and Square Footage: Approximately 3,500 square feet of ground floor space in City Hall and adjacent outside play areas

Amount: \$1 per year payable by Marin Day Schools to the City

Utilities, Janitorial And Maintenance: To be provided by the City

Right of Renewal: Director of Property may extend license, based on extensions in the Operation Grant Agreement

Description: The proposed ordinance would authorize and approve a revocable license agreement between the City and Marin Day Schools, extending from July 1, 1999 through June 30, 2002, a period of three years. Under this license agreement, the City would provide space in the basement of City Hall and adjacent outside play areas for Marin Day Schools to operate a Child Care Center. Marin Day Schools will pay the City \$1 per year to occupy the City Hall space.

In accordance with the proposed license agreement, the City may at its sole option, revoke the license at any time, without cause and without any obligation to pay any consideration to Marin Day Schools. The license agreement also states that all of the furniture, fixtures, office and child care equipment that is purchased by the City is the property of the

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City. Under the proposed license agreement, Marin Day Schools would also indemnify the City against all claims, damages and losses resulting from the proposed City Hall Child Care Center.

Comments:

1. Mr. Steve Legnitto of the Real Estate Department reports that the fair market rent for the proposed space would be \$1 to \$3 per square foot per month, depending on whether the space were used for storage, office or hearing room purposes. If the approximately 3,500 square feet of interior space that the Marin Day School will use for the Child Care Center were instead used for office, storage or hearing room purposes, the fair market annual rental rate would be \$42,000 to \$126,000. To explain the reason why Marin Day Schools is only being charged \$1 per year to occupy and operate the Child Care Center in City Hall, Mr. Legnitto reports that the City requested that the Child Care Center be located in City Hall and this Child Care Center will serve a public purpose. Similarly, Mr. Legnitto notes that the City requested that the U.S. Post Office be located in City Hall, it serves a public purpose and the City only charges the U.S. Postal Service \$1 annual rent. According to Mr. Ted Lakey of the City Attorney's Office, if the Board of Supervisors can find and determine that a public purpose is being served, then the City can charge less than the fair market rate.

2. According to Mr. Legnitto, the proposed ordinance would authorize a license agreement rather than a lease agreement, because under a license agreement, the legal remedies to terminate the license can be expedited, if violations occur. Mr. Legnitto reports that the proposed license agreement between the City and Marin Day Schools can be terminated if Marin Day Schools violates the Operation Grant Agreement, under which the City provides an annual \$50,000 grant to Marin Day Schools to subsidize the child care operation costs. Mr. Lakey notes that the proposed Operation Grant Agreement is a separate contract between the City and Marin Day Schools, and, in

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general, the Board of Supervisors does not approve contracts of less than \$1 million. Therefore, the Operation Grant Agreement is not subject to approval by the Board of Supervisors.

3. The proposed license agreement states that the commencement date would be July 1, 1999. However, Ms. Deborah Alvarez of the Department of Children, Youth and Their Families reports that the City Hall Child Care Center is not likely to open until early September of 1999. Therefore, Mr. Nelson and Mr. Legnitto report that the actual commencement date of the proposed license agreement will be amended to occur just prior to the opening of the City Hall Child Care Center.

4. Ms. Nelson reports that the estimated annual cost for the City to provide janitorial, maintenance and utilities for the Child Care Center is approximately \$32,000 and the funds for such expenses will be included in the Department of Administrative Services budget for FY 1999-2000.

5. As noted above, the proposed license may be extended beyond the initial three-year period by the Director of Property, to coincide with extensions to the Operation Grant Agreement. Mr. Legnitto reports that an extension of the license agreement or the Operation Grant Agreement would not be subject to approval from the Board of Supervisors.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

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Item 10 - File 99-0881

Departments: Department of Administrative Services
Department of Children, Youth and Their Families

Item: Ordinance exempting the City Hall Child Care Center outdoor play space and equipment from the competitive bidding requirements of the San Francisco Administrative Code.

Description: In accordance with the City's Administrative Code Section 6.05, when the cost for the construction or repair of public buildings and the associated materials, supplies and equipment exceeds \$50,000, competitive bidding for such contracts is required. The design and construction, including the equipment, for the outdoor play space for the City Hall Child Care Center is estimated to cost \$158,350, and is therefore subject to this provision of the City's Administrative Code.

In order to expedite the opening the City Hall Child Care Center, the proposed ordinance would exempt the design, construction and equipment for the outdoor play space for the proposed City Hall Child Care Center from such competitive bidding requirements.

Under the proposed ordinance, the Department of Administrative Services would be authorized to negotiate and enter into all contracts necessary or appropriate for the design, construction and equipment for the City Hall Child Care Center outdoor play space without the use of the City's formal competitive bidding procedures. In addition, the proposed ordinance states that the Department of Administrative Services will comply with all applicable requirements set forth in Chapters 12B, 12C and 12D of the City's Administrative Code, which address nondiscrimination in various contracts and the City's MBE/WBE/LBE Ordinance.

Comments: 1. The City, through the Department of Children, Youth and Their Families has selected Marin Day

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Schools to operate the Child Care Center in City Hall. According to Ms. Deborah Alvarez, the proposed City Hall Child Care Center cannot be granted a license from the State of California to operate a child care facility until an appropriate outdoor play space at the site is available. Ms. Alvarez currently projects that the exterior play space as well as the entire City Hall Child Care Center will open by early September of 1999.

2. According to Mr. Steve Nelson of the Department of Administrative Services, Community Playgrounds would be the selected contractor to design, construct and equip the outdoor play spaces for the Child Care Center. According to Mr. Nelson, the reason that Community Playgrounds was the selected sole source contractor is because this firm (1) has specific expertise in designing and constructing childcare playgrounds, (2) developed the recent children's playgrounds in Civic Center Plaza, and (3) is familiar with the City's procedures.

3. As identified above, the design, construction and equipment for the outdoor play space for the City Hall Child Care Center is estimated to cost \$158,350 (See Item 8, File 99-0801 for the pending request for release of reserved funds).

4. Mr. Nelson notes that although the interior construction and improvements for the City Hall Child Care Center will cost a total of \$90,000, much of the work will be provided by the City's Bureau of Building Repair (BBR), such that less than \$50,000 will be contracted out to private contractors. Therefore, Mr. Nelson reports that in accordance with Section 6.05 of the City's Administrative Code, the Department is not required to and will not be competitively bidding the contracts needed for the interior construction and improvements.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

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Item 11 - File 99-0803

Department: Recreation and Park Department (RPD)

Item: Resolution authorizing and approving a management agreement by and between the City and County of San Francisco and U.S. Parking, Inc., for U.S. Parking Inc. to operate Kezar Parking Lot located at Stanyan and Frederick Streets.

Location: Stanyan and Frederick Streets

Purpose of Management Agreement: To provide for the operation of a City-owned surface parking lot with a capacity of 341 vehicles.

No. of Sq. Ft.: 107,440 square feet

Description: The proposed subject management agreement between the Recreation and Park Department (RPD) and U.S. Parking, Inc. would authorize U.S. Parking, Inc. to operate the Kezar Parking Lot, a City-owned property, accommodating 341 vehicles at Stanyan and Frederick Streets.

The current lessee, City Parking Company, has been operating the Kezar Parking Lot on a month-to-month basis since their 5-year lease agreement with the Recreation and Park Department expired on May 31, 1992. According to Mr. Chris Mack of the Recreation and Park Department, based on 12.5% of monthly revenues of up to \$16,167 and 10.57% of monthly revenues over \$16,167, City Parking Company paid the RPD approximately \$60,000 annually in rent during Fiscal Year 1997-1998 under the existing month-to-month lease agreement. The budgeted annual rental payment to the City for Fiscal year 1998-1999 is \$60,000, according to Mr. Mack.

This subject resolution would authorize a management agreement, as opposed to a lease agreement. As noted above, under the existing lease agreement, the City Parking paid RPD rent in the form of a percentage of monthly gross revenues. Under the proposed management agreement, all parking revenues from the Kezar Parking Lot would be deposited daily into an account controlled by the City and,

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from that account, RPD would pay U.S. Parking Inc. a fixed monthly management fee of \$17,021 for the operation of the parking lot. Mr. Mack reports that, per the proposed management agreement, U.S. Parking would also provide approximately \$55,000 in capital improvements to the lot including an attendant shelter, state-of-the-art ticket dispensing, card readers, and revenue collection/monitoring equipment. Under this management agreement, the City would keep all of the revenues instead of receiving a percentage of gross revenues.

Estimated Annual

Revenues: \$240,000 (\$20,000 per month) under existing rates.
\$492,288 (\$41,024 per month) under proposed rates.
(See Comment No. 2 below)

Increase in Annual

Revenues: \$180,000 under existing rates.
\$432,288 under proposed rates. (see Comment No. 2 below)

Term of Agreement: Five years, commencing on the first day of the month immediately following the Board of Supervisors approval of the proposed lease. In addition, on and after the 30-month anniversary of the effective date of the subject management agreement, RPD would have the right to terminate the subject agreement, with or without cause, with at least 180 days written notice.

Right of Renewal: None.

Insurance

Provision: U.S. Parking, Inc. would be required to maintain Garage Liability and Garage Keeper's Insurance with a limit of not less than \$1,000,000, in addition to Workers Compensation, Comprehensive General Liability and Comprehensive Automobile Insurance.

Comments: 1. On November 10, 1998, the Department of Real Estate issued an Invitation for Bids (IFB) to operate the Kezar Parking Lot and received eight bids on December 17, 1998. The Attachment to this report, provided by the RPD, lists the eight companies that responded to the IFB and the bid submitted by each. The bid amounts represent the monthly management fee payable by RPD to the parking operator. As noted in the Attachment, US Parking, Inc. submitted the lowest monthly management fee bid of \$17,021.

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2. According to Mr. Mack, the subject management agreement would increase annual revenues from the Kezar Parking Lot by \$180,000 annually from the \$60,000 in revenue budgeted for FY 1997-98 to annual revenues of \$240,000 based on existing parking rates, an increase of 300 percent. This increase results simply because the RPD will receive all parking revenues and pay a management fee for operation of the parking lot instead of receiving a percentage rent based on a lease agreement that began in 1987 and expired in 1992.

However, the RPD, has also submitted a proposed ordinance (File 99-0857, introduced May 3, 1999) that would substantially increase parking rates. Such parking rates have not been increased since 1991. If approved by the Board of Supervisors, the increase in revenue would be approximately \$432,288 annually, or over 720 percent, from the \$60,000 in revenue budgeted for FY 1997-98 to annual revenues of \$492,288.

Mr. Mack explains that the revenues to RPD from the proposed management agreement are estimated to be \$41,024 per month or \$492,288 per year, if separate future legislation is approved to increase the parking rates. According to Mr. Mack, RPD will provide improvements to the lot including re-surfacing, striping, and installation of bike lockers in the first year of the subject management agreement and that such improvements are estimated to cost \$25,000.

Recommendation: Approve the proposed resolution.

KEZAR PARKING LOT BID RESULTS

December 17, 1998

HRC approval

1. US Parking, Inc.	\$17,021.00	No YES
2. City Parking Co.	18,700.00	Yes
3. On-Line Parking	19,551.00	No
4. Danas Parking	19,710.61	Yes
5. Parking Concepts, Inc.	22,498.00	No
6. Pacific Park Management	22,747.04	Yes
7. ABC Parking/THOR	23,888.00	Yes
8. Chu Fung and Daniel Seid	24,288.00	Yes

Item 12 – File 98-2026

Department: Public Utilities Commission (PUC)

Item: Resolution approving the issuance of up to \$150,000,000 in aggregate principal amount outstanding at any one time of Public Utilities Commission Commercial Paper Notes (Water Series) pursuant to Chapter 84 of Part 1 of the Municipal Code, in one or more series, for the purpose of financing and refinancing certain capital improvements related to the City's water system; approving the maximum interest thereon; and approving related matters.

Amount: Up to \$150,000,000

Source of Funds: Commercial Paper, to be repaid with San Francisco Water Revenue Bonds (see Item 13, File 99-0784, of this report to the Finance and Labor Committee)

Description: In June of 1998, the Board of Supervisors approved an ordinance (File 98-738) authorizing the procedures for the issuance by the PUC of Commercial Paper and other short-term indebtedness in anticipation of proceeds from the issuance of previously authorized but unsold revenue bonds.

This subject resolution would authorize the PUC to issue up to \$150,000,000 in Commercial Paper for the purpose of financing and refinancing certain capital improvements related to the City water system, to improve and expand the City's storm water and drinking water systems, as well as to pay for the costs of issuance and other related costs.

Commercial paper is a short-term financing instrument used by both corporations and municipal issuers. San Francisco International Airport is the only City agency that has issued Commercial Paper to date, as previously approved by the Board of Supervisors in June of 1997 (File 170-97-05). Commercial Paper is issued on an as-needed basis to meet short-term cash demands. In contrast to the 30-year bonds that are generally issued to finance the City's capital costs, Commercial Paper

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maturities range from one to 270 days. According to Mr. Phil Arnold of the PUC, over the past 10 years Commercial Paper interest rates in California have averaged over 2 percent less than long-term bond interest rates. Commercial Paper can therefore be used as a short-term, low-cost source of construction financing.

The subject Commercial Paper to be issued by the PUC would be repaid with proceeds from the sale of the San Francisco Water Revenue Bonds that would be authorized under Item 13, File 99-0784, of this report to the Finance and Labor Committee. In November of 1997, voters approved Proposition A, authorizing the City to issue \$157,000,000 in Water System Reliability and Seismic Safety Revenue Bonds for the purpose of providing funds for acquiring and constructing reliability and seismic safety improvements to the City's water system, and Proposition B, authorizing the City to issue \$147,000,000 in Safe Drinking Water Improvement Revenue Bonds for the purpose of acquiring and constructing safe drinking water improvements related to the City's water system. The total authorized bond amount for the two issues is \$304,000,000.

Mr. Arnold states that the PUC expects to issue San Francisco Water Revenue Bonds, in an amount not to exceed \$140,000,000, to repay the proposed Commercial Paper, by August of 2000.

Attachment I, provided by the PUC, compares the financing costs of San Francisco Water Revenue Bonds with the issuance of up to \$150,000,000 in Commercial Paper to the financing costs of San Francisco Water Revenue Bonds without the issuance of up to \$150,000,000 in Commercial Paper. As shown in Attachment I, the issuance of the Commercial Paper would result in a reduction in the amount of San Francisco Water Revenue Bonds to be issued of \$1,405,000, from \$139,195,000 to \$137,790,000 and a reduction in overall debt service because the interest rates for Commercial Paper will be 3.0 percent compared to an interest rate of 5.1 percent for the San Francisco Water Revenue Bonds (see Comment 1).

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A Letter of Credit from two banks, Landesbank Girozentrale and the State Street Bank and Trust Company, will provide security for the Commercial Paper. Under the Letter of Credit issued by the banks to the PUC, the banks will make principal and interest payments when they become due for any Commercial Paper that has been issued, and the PUC will reimburse the banks from additional Commercial Paper proceeds. As a result, the credit rating for the Commercial Paper will be based on the short-term credit rating of the banks issuing the Letter of Credit, rather than the PUC's credit rating.

Approval of the subject resolution would also: 1) establish a maximum rate of interest for the Commercial Paper and for the Bank Notes of 12 percent annually, 2) approve various documents related to the issuance, sale and delivery of Commercial Paper and Bank Notes, and 3) authorize the Director of the Mayor's Office of Public Finance, the City Attorney, and all other appropriate officers, employees, representatives and agents of the City to take any necessary actions to provide for the issuance of the Commercial Paper.

Comments:

1. Attachment II, provided by the PUC, contains a list of the capital project budgets, totaling \$126,100,000, to be funded with San Francisco Water Revenue Bonds, which will be requested in the PUC's FY 1999-2000 budget.

The following table, based on information provided by Mr. Arnold, details the debt service requirements for the San Francisco Water Revenue Bonds, based on estimated interest rates of 5.1 percent on the San Francisco Water Revenue Bonds and 3.0 percent on the Commercial Paper:

San Francisco Water Revenue Bonds

	<u>Debt Service Requirements</u>		
	Without	With	
	Commercial	Commercial	Debt Service
	Paper	Paper	Savings
Principal	\$139,195,000	\$137,790,000	\$1,405,000
Interest			
Payments	<u>\$135,554,398</u>	<u>\$134,186,145</u>	<u>\$1,368,253</u>
Total Debt			
Service	\$274,749,398	\$271,976,145	\$2,773,253
Annual Debt			
Service	\$9,158,313	\$9,065,872	\$92,442

As shown on the table above, over a 30-year term, approximately \$2,773,253 would be saved by issuing the Commercial Paper (\$92,442 each year for 30 years).

2. The proposed Commercial Paper would be sold on an as-needed basis to provide sufficient cash to finance the needed capital improvements prior to receipt of the proceeds from the sale of the above-noted San Francisco Water Revenue Bonds. Mr. Arnold reports that through July 31, 1999, the PUC tentatively plans to sell approximately \$10,000,000 to \$20,000,000 in Commercial Paper. The term and the interest rate of such Commercial Paper would be determined on the day of the sale, and would vary based on the PUC's cash needs and market conditions. Approval by the Board of Supervisors would not be required for each sale of Commercial Paper but, in accordance with Ordinance 98-738 previously approved by the Board of Supervisors in June of 1998, which authorized the procedures for the issuance of Commercial Paper by the PUC, the Director of Public Finance would approve each sale.

3. The PUC selected a team of underwriters, Lehman Brothers/Charles A. Bell (Charles A. Bell is an MBE firm), following an RFP selection process in May of 1998. The PUC received six proposals, and selected Lehman

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Brothers after evaluating the proposals based on the criteria specified in the RFP, including firm capability and experience, assigned project staff, and cost. The PUC selected two banks bidding together, Bayerische Landesbank Girozentrale and the State Street Bank and Trust Company, to offer Letters of Credit following a competitive bid in December of 1999. The PUC received three bids, and selected the bid with the lowest cost.

4. According to Mr. Arnold the PUC's Commercial Paper program would not be backed by General Fund revenues and will not create any exposure to the General Fund. Mr. Dave Sanchez of the City Attorney's Office concurs with Mr. Arnold.

5. The ordinance (File 98-738) outlining the procedures for the PUC's issuance of Commercial Paper, previously approved by the Board of Supervisors in June of 1998, limits the PUC's authorization to issue Commercial Paper to five years from the date of first issuance of Commercial Paper. According to Mr. Arnold, the PUC's Letter of Credit also has a five year term. As such, assuming no extensions or contract modifications, the PUC would have to sell the long term San Francisco Water Revenue Bonds in order to pay back the Commercial Paper no later than at the end of the five-year term. The PUC expects to sell the long-term San Francisco Water Revenue Bonds by August of 2000.

6. Since the Commercial Paper issuance is to be repaid from San Francisco Water Revenue Bonds, this proposed resolution should only be approved if Item 13, File 99-0784 is also approved.

Recommendation: Approve the proposed resolution, pending approval of Item 13, File 99-0784.

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Attachment I

April 30, 1999

To: James Edison
From: Phil Arnold

Assumptions: Interest rate on bonds @ 5.1% (30-year term); interest earnings on bond proceeds @ 5%; interest rate on commercial paper @ 3%.

Based on current interest rates, the sources and uses of the proposed bonds, with and without commercial paper, to fund the 1999-00 capital improvement program for the water enterprise would be as follows:

Estimated Sources and Uses of Revenue Bonds
(With Commercial Paper)

Total Sources	\$137,790,000
Underwriter's Discount	(964,530)
Cost of Issuance	(350,000)
Insurance	(1,358,879)
Capitalized Interest (1 yr.)	(6,635,096)
Surety (paid at closing)	(178,702)
Net Proceeds	\$128,302,793
Commercial paper issuance costs	(2,202,793)
Total Construction Funds Available	\$126,100,000

Estimated Sources and Uses of Revenue Bonds
(Without Commercial Paper)

Total Sources	\$139,195,000
Underwriter's Discount	(974,365)
Cost of Issuance	(350,000)
Insurance	(1,404,628)
Capitalized Interest (2 yrs.)	(12,561,258)
Surety Bond	(181,280)
Net Proceeds	\$123,723,469
Interest on Proceeds	2,276,531
Total Construction Funds Available	\$126,100,000

HMRBonds.wpd

SAN FRANCISCO PUBLIC UTILITIES COMMISSION

1999-2000 Water Enterprise Capital Projects
(Bond-funded)Proposition A - System Reliability Projects

Bay Division Pipeline Improvements	\$ 8.5 million
Presressed concrete pipeline replacement	5.7 million
SCADA system	13.6 million
City reservoir improvements	9.5 million
Pump station improvements	5.6 million
City Distribution Division - system improvements	15.3 million
System reliability improvements	<u>9.1 million</u>
Total 1999-2000 Proposition A Projects	\$67.3 million

Proposition B - Water Quality Projects

Hetch Hetchy Water Treatment Project	\$12.5 million
Sunol Valley Water Treatment Plant	35.6 million
Harry Tracy Water Treatment Plant	5.0 million
Other water quality improvements	<u>5.7 million</u>
Total 1999-2000 Proposition B Projects	\$58.8 million

Total 1999-2000 Proposition A and B Projects	\$126.1 million
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HMRbond1.wpd

Item 13 – File 99-0784

Department: Public Utilities Commission (PUC)

Item: Resolution approving the issuance of up to \$140,000,000 aggregate principal amount of San Francisco Water Revenue Bonds for the purpose of financing reliability and seismic safety improvements and safe drinking water improvements related to the City's water system.

Amount: Not to exceed \$140,000,000.

Source of Funds: San Francisco Water Revenue Bonds

Description: In November of 1997, voters approved Proposition A, authorizing the City to issue \$157,000,000 in Water System Reliability and Seismic Safety Revenue Bonds for the purpose of providing funds for acquiring and constructing reliability and seismic safety improvements to the City's water system, and Proposition B, authorizing the City to issue \$147,000,000 in Safe Drinking Water Improvement Revenue Bonds for the purpose of acquiring and constructing safe drinking water improvements related to the City's water system. The total authorized bond amount for the two issues is \$304,000,000.

The subject proposed resolution would authorize the issuance of up to \$140,000,000, out of the total voter-authorized bond amount of \$304,000,000, in San Francisco Water Revenue Bonds for the purpose of providing funds for: (1) acquiring and constructing reliability and seismic safety improvements and safe drinking water improvements to the water system; (2) funding debt service reserves; and, (3) paying costs of issuance, including redemption premiums, and other related costs. Mr. Phil Arnold of the PUC, advises that these improvements will provide the City's three water treatment facilities with upgrades to improve water quality, and upgrade the distribution system, pumping stations and treated water storage facilities for the City's water system.

The precise amount of San Francisco Water Revenue Bonds that the PUC ultimately will issue is contingent on

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approval of a companion resolution (Item 12, File 98-2026) in this report to the Finance and Labor Committee related to the issuance of up to \$150,000,000 in Commercial Paper. Attachment I, provided by the PUC, details the sources and uses of the proposed San Francisco Water Revenue Bonds with and without the issuance of the related Commercial Paper. As shown in Attachment I, the issuance of the Commercial Paper would result in a reduction in the amount of San Francisco Water Revenue Bonds to be issued of \$1,405,000, from \$139,195,000 to \$137,790,000 and a reduction in overall debt service because the interest rates for Commercial Paper will be 3.0 percent compared to an interest rate of 5.1 percent for the San Francisco Water Revenue Bonds, as explained below.

The following table, based on information provided by Mr. Arnold, details the debt service requirements for the San Francisco Water Revenue Bonds, based on the estimated interest rate of 5.1 percent on the San Francisco Water Revenue Bonds and a 3.0 percent interest rate on the Commercial Paper:

<u>San Francisco Water Revenue Bonds</u>			
	<u>Debt Service Requirements</u>		
	<u>Without</u>	<u>With</u>	
	<u>Commercial</u>	<u>Commercial</u>	<u>Debt Service</u>
	<u>Paper</u>	<u>Paper</u>	<u>Savings</u>
Principal	\$139,195,000	\$137,790,000	\$1,405,000
Interest			
Payments	<u>135.554.398</u>	<u>134.186.145</u>	<u>1.368.253</u>
Total Debt			
Service	\$274,749,398	\$271,976,145	\$2,773.253
Annual Debt			
Service	\$9,158,313	\$9,065,872	\$92,442

As shown on the table above, over a 30-year term, approximately \$2,773,253 would be saved by issuing the

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Commercial Paper as proposed under Item 12, File 98-2026 (\$92,442 each year for 30 years).

Attachment II, provided by the PUC, provides a list of the capital improvement projects to be financed with the net proceeds from the San Francisco Water Revenue Bonds. The capital projects total \$126,100,000 and will be requested in the PUC's FY 1999-2000 budget.

Comment:

1. The capital improvement expenditures in the amount of \$126,100,000, discussed above, will be included in the PUC's proposed FY 1999-2000 budget, and would therefore be subject to appropriation approval by the Board of Supervisors.
2. The debt service on the San Francisco Water Revenue Bonds would be repaid by Water Department revenues and would not be a cost to the General Fund.

Recommendation:

Approve the proposed resolution.

April 30, 1999

To: James Edison

From: Phil Arnold

Assumptions: Interest rate on bonds @ 5.1% (30-year term); interest earnings on bond proceeds @ 5%; interest rate on commercial paper @ 3%.

Based on current interest rates, the sources and uses of the proposed bonds, with and without commercial paper, to fund the 1999-00 capital improvement program for the water enterprise would be as follows:

Estimated Sources and Uses of Revenue Bonds
(With Commercial Paper)

Total Sources	\$137,790,000
Underwriter's Discount	(964,530)
Cost of Issuance	(350,000)
Insurance	(1,358,879)
Capitalized Interest (1 yr.)	(6,635,096)
Surety (paid at closing)	<u>(178,702)</u>
Net Proceeds	\$128,302,793
Commercial paper issuance costs	<u>(2,202,793)</u>
Total Construction Funds Available	\$126,100,000

Estimated Sources and Uses of Revenue Bonds
(Without Commercial Paper)

Total Sources	\$139,195,000
Underwriter's Discount	(974,365)
Cost of Issuance	(350,000)
Insurance	(1,404,628)
Capitalized Interest (2 yrs.)	(12,561,258)
Surety Bond	<u>(181,280)</u>
Net Proceeds	\$123,723,469
Interest on Proceeds	<u>2,276,531</u>
Total Construction Funds Available	\$126,100,000

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION

1999-2000 Water Enterprise Capital Projects (Bond-funded)

Proposition A - System Reliability Projects

Bay Division Pipeline Improvements	\$ 8.5 million
Prestressed concrete pipeline replacement	5.7 million
SCADA system	13.6 million
City reservoir improvements	9.5 million
Pump station improvements	5.6 million
City Distribution Division - system improvements	15.3 million
System reliability improvements	<u>9.1 million</u>
Total 1999-2000 Proposition A Projects	\$67.3 million

Proposition B - Water Quality Projects

Hetch Hetchy Water Treatment Project	\$12.5 million
Sunol Valley Water Treatment Plant	35.6 million
Harry Tracy Water Treatment Plant	5.0 million
Other water quality improvements	<u>5.7 million</u>
Total 1999-2000 Proposition B Projects	\$58.8 million

Total 1999-2000 Proposition A and B Projects \$126.1 million

HMRbond1.wpd

Item 14 - File 99-0045

Department: Retirement Board

Item: Ordinance amending Section 16.29-5 and adding Section 16.61-4 of the San Francisco Administrative Code concerning pre-tax treatment of buy backs of employee service time for the years the employee worked, but was precluded or not fully included in the City's Retirement System.

Description: The proposed ordinance would amend the City's Administrative Code to allow City employees who meet specific requirements to buy back service from the Employees Retirement System (ERS) on a pre-tax basis. A City employee would want to buy back service from the Retirement System because it would allow an employee to receive pension credits for all or a portion of their prior years of employment, that the employee was not fully included as part of the City's Retirement System. Under the proposed ordinance, the pre-tax basis would include both Federal and State Income Taxes. As a result, the proposed ordinance would provide a significant benefit for employees by not having to pay Federal or State Income Taxes prior to their retirement on the amount paid by the employees to the ERS for the Employees Retirement System contribution for the buyback service purchased by the employees.

The proposed ordinance was drafted in response to a letter received by the City's Retirement System from the Federal Internal Revenue Service (IRS) in December of 1998. Ms. Clare Murphy of the Employee's Retirement System reports that the Employee's Retirement System petitioned the IRS for such a letter ruling in July of 1997 because previous IRS rulings on pre-tax buybacks did not address several of the specific buyback features of the Employee's Retirement System plan. Ms. Murphy notes that pre-tax buybacks for payroll deductions were authorized by the IRS through what are known as Private Letter Rulings for the first public retirement plans in 1995. Such pre-tax

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buybacks were confirmed in 1997 Internal Revenue Tax law for all retirement plans.

The proposed ordinance provides that in order to qualify for the proposed buy backs on a pre-tax basis, persons must be employees of the City and County of San Francisco, the San Francisco Unified School District or the San Francisco Community College District. According to Ms. Murphy, the City's pension plans currently extend to include employees from both the Unified School District and the Community College District. Ms. Murphy reports that approximately 27,000 San Francisco Unified School District, San Francisco Community College District and San Francisco City and County current employees are covered by the Employee's Retirement System plans.

In accordance with the proposed ordinance, only payroll deductions that may be required to be paid into the Retirement System for (1) redeposits, (2) shortages and (3) prior service, including but not limited to temporary service, public service, military service and representative service, which is defined as the time during which an employee leaves the City's employment to become a union representative, would be eligible for the proposed deferred income tax program. Ms. Murphy explains that redeposits would be for those employees that return to work for the City and the school districts after monies were withdrawn from the City's Retirement System's plan because an employee initially left the City and school district employment. In addition, Ms. Murphy reports that shortages are a result of a period of time from 1959 through 1998, when the City did not offer full Social Security benefits and allowed employees to select a level of employee contribution to the Retirement System up to the 7.5 percent or 8 percent maximum level. The shortage pertains to those employees who did not select the maximum level. Prior service, according to Ms. Murphy, is defined as that period of time before an employee became a permanent City employee, and would include the period of time during which an

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employee was (1) a temporary employee, (2) provided public service to another public entity, such as the State of California, other local California jurisdiction or Federal, non-military department, (3) was in the military service or (4) in representative service. Ms. Murphy further notes that, in accordance with IRS regulations, the proposed pre-tax provisions are not available to employees who wish to buyback their previous service through direct lump sum payments by check, and would only be available through automatic payroll deductions.

The proposed ordinance states that the Retirement Board has the power to establish rules and procedures necessary to collect the employee's contributions for the prior service when the employee worked under the specified conditions listed above. According to Ms. Murphy, on March 9, 1999 the Retirement Board adopted Pretax Buyback Policies and Procedures, which conform with the City's Charter and Administrative Code and the IRS Private Letter Ruling.

In conformance with the IRS ruling, the proposed ordinance states that if an employee agrees to buy back their service, that employee must sign an irrevocable payroll authorization form and that employees may not terminate such irrevocable payroll authorization before completion of the payments or termination of employment, through resignation, retirement or death. Ms. Murphy notes that the employee must agree to sign an irrevocable and legally binding payroll authorization agreement, which cannot be changed regardless of personal or financial hardship.

Comments:

1. According to Ms. Alice Villagomez, the Memorandum of Understandings (MOUs) with the Service Employees International Union (SEIU) Locals 250, 535, 790 and 790 H-1, the Municipal Attorney's Association and the Municipal Executives' Association contain provisions which state that the Retirement System will attempt to obtain IRS approval to authorize the pre-tax

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buyback of pension credits. In addition, the Municipal Attorney's Association (MAA) MOU states that the City shall promptly notify MAA when the IRS approval is secured and meet with MAA to discuss the procedure for MAA members to accomplish such pre-tax buyback of pension credits. Ms. Murphy notes that provisions of the proposed ordinance would not become part of employee MOUs.

2. Ms. Murphy reports that there are 3,856 employees that are currently buying back their service time on an after-tax basis. This means that for these 3,856 employees, Federal and State income taxes are deducted from their paychecks, prior to making their payments to the Employees Retirement System in connection with buying back their retirement service. If the proposed ordinance is approved, it is anticipated that all of these 3,856 employees would immediately take advantage of the proposed change prospectively to buy back their service on a pre-tax basis, such that their payments to the Employee's Retirement System would be made before Federal and State Income Taxes are deducted from their paychecks. Such a change will result in an immediate savings to these employees of their Federal and State Income Taxes.

3. In addition, as shown in the Attachment, Ms. Murphy reports that an additional 22,936 "opportunities" exist for existing City and School District employees to buy back prior service time, redeposits or shortages. According to Ms. Murphy, the Employees Retirement System is defining an opportunity as a specific purchase of service or repayment situation. The Attachment reflects that each of these opportunities range in cost to the employee from a minimum of \$100 to a maximum of \$151,814.

Ms. Murphy notes that the Retirement System is currently attempting to identify the number of employees that would be effected by these 22,936 opportunities, since an employee may have more than one opportunity (i.e., one employee could have

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a shortage opportunity and a prior service opportunity). According to Ms. Murphy, she cannot currently estimate how many of these employees may wish to take advantage of the proposed change to buy back their previous service time on a pre-tax basis. The total outstanding cost of these buybacks, to these City and School District employees, is approximately \$240 million.

4. Ms. Murphy notes that depending on the individual employee's Federal and State Income Tax brackets, under the proposed ordinance the amount saved by each employee in Federal and State Income Taxes would offset between 20 percent to approximately 39 percent of the employees' costs of purchasing back the Retirement System's service time. Ms. Murphy notes that the proposed plan would not eliminate, but would rather defer a portion of the taxes that would need to be paid, since when such employees retire, they would ultimately have to pay some Federal and State Income Taxes on the amounts contributed to the Retirement System for their buybacks. However, since most retired individuals may be receiving less income when they are retired than when they are employed, many of these employees will be taxed at a lower income tax rate when retired, and will thus be paying less income taxes than would otherwise occur.

5. Ms. Murphy estimates that in the FY 1999-2000 budget, the Retirement System will be requesting approximately \$107,000 of Temporary Salary funds and \$70,000 of additional funds for postage, reproduction, information services and legal support, for a total FY 1999-2000 cost of \$177,000 to implement this proposed ordinance. Ms. Murphy notes that although it is difficult to estimate future year costs, it is anticipated that the need for Temporary Salary and postage funds will continue at approximately the same level in future years, or approximately \$115,000 annually. According to Ms. Murphy, such costs would be paid out of the administrative expenses of the Employees Pension Trust which is financed from employer retirement

contributions. However, Ms. Murphy notes that the City and the School Districts are not currently required to make employer contributions to the Employees Pension Trust Fund because the Fund is fully funded. According to Ms. Murphy, the Employees Pension Trust Fund has been fully funded since 1995 and is projected to be fully funded for approximately the next 15 years.

6. Ms. Murphy reports that the Employees Retirement System is recommending that the City offer this additional benefit for employees because (1) currently pre-tax payroll deduction options are a prevailing feature of most of the 40 major California public retirement systems, (2) precluding employees from participating in the Employees Retirement System was the direct result of the City's employment practices between 1970 and 1995 of not employing permanent staff that created a large number of long-term temporary employees who now have prior service opportunities, (3) it would provide significant Federal and State Income Tax savings for City and School District employees and (4) this employee benefit can be authorized at no immediate cost to the City, since it is the Employees Trust Fund which would pay all administrative expenses, and the Employees Trust Fund is fully funded for approximately the next 15 years.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Buyback Opportunity Statistics as of 2-24-99

Type	# in progress	# Not yet purchased	Minimum \$ Cost	Maximum \$ Cost	To Be Researched
Prior Service	1437	12017	\$ 100.00	\$ 151,814.00	Approx. 3000
Redeposit	109	1607	\$ 100.00	\$ 88,669.00	
Shortage	2310	9312	\$ 100.00	\$ 117,243.00	
Total	3856	22936			

Range of Buyback Costs as of 2-24-99

Cost	Prior Service	Redeposit	Shortage
0 to \$999	3432	557	1563
\$1000 to 4999	6074	578	1332
\$ 5000 to 9999	1459	124	814
\$ 10000 to 14999	509	80	812
\$ 15000 to 19999	225	51	782
\$ 20000 to 24999	112	36	746
\$ 25000 to 39999	54	56	671
\$ 30000 to 34999	44	25	582
\$ 35000 to 39999	27	16	451
\$ 40000 to 44999	11	15	383
\$ 45000 to 49999	16	23	292
\$ 50000 to 54999	13	16	204
\$ 55000 to 59999	14	9	166
\$ 60000 to 64999	10	1	145
\$ 65K & more	17	20	339
TOTALS:	12017	1607	9312

Total outstanding buybacks cost \$240,000,000

Item 15 – File 99-0737

Department: Art Commission

Item: Ordinance amending Article XIII, Chapter 10, Part 1 of the San Francisco Municipal Code (Administrative Code) by adding Section 10.117-123 thereto, establishing the Street Artists Fund as a Special Fund for the purpose of receiving all funds received by the San Francisco Arts Commission Street Artists Program, pursuant to Article 24 of the San Francisco Police Code, and providing for interest accumulation therein.

Description: An initiative ordinance (Proposition L) was approved on November 4, 1975 to allow the Art Commission to establish licensing authority and screening procedures and to collect fees for the Street Artists Program. In response, Mr. John Madden of the Controller's Office reports that the Controller's Office administratively established a separate special fund for the Street Artists Program, such that all revenues collected from the Street Artists Program are currently deposited in this special fund and all expenditures related to the Street Artists Program, subject to appropriation approval of the Board of Supervisors, are made from this special fund. Mr. Howard Lazar of the Arts Commission reports that the Street Artists Program is self-supporting through its fees and the Street Artists Program currently receives no monies from the General Fund.

The proposed ordinance would formally establish a Special Fund designated as the Street Artists Fund, with the same requirements and restrictions as are currently in place. In addition, the proposed ordinance would credit accrued interest that accumulates in this Fund, if the Fund balance is in excess of \$50,000 at the close of each business day, back to the Special Street Artists Fund. Currently, all interest earnings from the Street Artists Fund are credited to the City's General Fund.

The proposed ordinance also states that all donations of money and other gifts (including grants, bequests, etc.) which may be offered to the Art Commission for the Street Artists Program purposes would be hereby accepted for such purposes and would be deposited in the Street Artists Special Fund. Currently, the Art Commission must receive approval from the Board of Supervisors to accept such donations of money, grants and other gifts. The proposed provision would override the requirement that the Art Commission must seek such approval from the Board of Supervisors to accept such gifts.

Comments:

1. Street Artists license fees are currently \$87.50 per quarter or \$350 annually. In addition, the Street Artist application fee is currently \$20. Mr. Lazar reports that the Art Commission last increased these Street Artist fees in 1991. According to Mr. Lazar, the Street Artists Program annually generates approximately \$140,000 to \$150,000 in revenues.

2. Mr. Madden estimates that, if the proposed legislation is approved, the Street Artists Program Fund would receive an additional \$3,000 to \$5,000 of revenue annually from the interest earnings on the account. Conversely, the City's General Fund would annually lose approximately \$3,000 to \$5,000 of interest earnings from this account.

Recommendation:

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 16 – File No. 99-0806

Department: San Francisco Redevelopment Agency (SFRA)

Item: Resolution authorizing a 50-year lease of land owned by the San Francisco Redevelopment Agency to GGA 1820 Post, Limited Partnership (L.P.)

Location: 1820 Post Street between Filmore and Webster Streets.

Purpose of Lease: Under the proposed lease, 2.45 acres of SFRA-owned land located at 1820 Post Street would be leased to GGA 1820 Post Street, L.P., a non-profit organization, for the purposes of preserving the 72-unit housing development at 1820 Post Street with rent levels affordable to low income persons.

Lessor: SFRA

Lessee: GGA 1820 Post, L.P.

Annual Rental Rate: - See Comment No. 4.

Term of Lease: 50 years, commencing upon the effective date of the proposed lease.

Right of Renewal: GGA 1820 Post, L.P. would have the option to extend the term for one additional period of 49 years.

Description: According to Mr. Sean Spear of the SFRA, the Golden Gate Apartments (the "Apartments") is a 72-unit housing development located at 1820 Post Street. The Apartments, together with 2.45 acres of land at 1820 Post Street, are currently owned by Golden Gate Apartments, L.P., a private firm. Mr. Spear advises that the Federal Department of Housing and Urban Development (HUD) currently subsidizes a portion of the existing mortgage on the Apartments in order for Golden Gate Apartments, L.P. to offer all 72 units at below market rental rates which are affordable to low income persons. HUD also subsidizes portions of already below market rents for 24 of the 72 housing units under its Section 8 Program, according to Mr. Spear. The Attachment, provided by the

SFRA, contains a list of the fair market rental rates for each of the 72 housing units and their associated below market rents after application of the HUD rental subsidies.

In a letter dated March 5, 1998, Golden Gate Apartments, L.P. notified the Mayor's Office of Housing, in accordance with the City's Preservation Ordinance, that it intended to prepay the existing mortgage on the Apartments, opt-out of the above-noted HUD rent subsidy programs, and convert the Apartments from affordable housing to market rate housing. The City's Preservation Ordinance requires that the City be given 18 months notice before Golden Gate Apartments, L.P. could convert the Apartments to market rate housing, in order for the City, or its designated agent, to make an offer to purchase the Apartments and preserve them with rent levels which are affordable to low income persons. After a series of negotiations between SFRA and Golden Gate Apartments, L.P., Golden Gate Apartments, L.P. agreed to sell (a) the 72-unit housing development to GGA 1820 Post Street, L.P. at a price of \$5,119,333 and (b) the land at 1820 Post Street, consisting of 2.45 acres, to the SFRA at a price of \$1,653,167. SFRA would then lease the land to GGA 1820 Post, L.P.

Comments:

1. Because the SFRA intends to purchase the land at 1820 Post Street with Tax Increment Funds in SFRA's FY 1998-99 budget, Section 33433 of the California Health and Safety Code requires the Board of Supervisors to approve the lease of this property, which is the subject of this proposed legislation.

2. The proposed lease contains the following provision that requires GGA 1820 Post Street, L.P. to preserve the Apartments with rent levels that are affordable to low-income persons: "Following the Agreement Date at least 51 of the 72 residential units shall be occupied exclusively by households with incomes at or below 60% the Area Median Income." The proposed lease also states that "The Developer [GGA 1820 Post Street, L.P.] shall accept Project-Based Section 8 assistance from HUD for as long as it is offered by HUD. In the event HUD no longer provides Section 8 assistance, rents charged to households

with incomes above, at or below 60% of Area Median Income shall not exceed 30% of the greater of (a) 60% of Area Median Income or (b) the household's actual income."

3. Mr. Spear advises that the SFRA intends to purchase the 2.45 acres of land at 1820 Post Street from Golden Gate Apartments, L.P. at the fair market value of \$1,653,167, as determined by James Liska and Associates, a private appraiser retained by the SFRA. Mr. Larry Ritter of the Department of Real Estate (DRE) states that the SFRA may hire private appraisers to determine property values without review by the DRE. This purchase would be made on the effective date of the proposed lease. According to Mr. Spear, GGA 1820 Post Street, L.P. intends to purchase the 72-unit housing development at 1820 Post Street from Golden Gate Apartments, L.P. on the effective date of the proposed lease.

4. As of the writing of this report, the SFRA had not provided the Budget Analyst with sufficient information regarding the annual rental rate payable by GGA 1820 Post Street, L.P. to the SFRA. Mr. Spear advises that the SFRA will present such information at the Finance and Labor Committee on May 12, 1999. Because sufficient information regarding the annual rental rate payable by GGA 1820 Post Street, L.P. to the SFRA could not be provided to the Budget Analyst prior to the issuance of this report, the Budget Analyst considers approval of this resolution to be a policy matter for the Board of Supervisors.

Recommendations: In accordance with Comment No. 4, the proposed resolution is a policy matter for the Board of Supervisors.

Attachment 1: Rent Schedule

Unit Size	Total Number of Units by Type	Market Area Rent for Comparable Unit	Actual Amount of Rent Paid by the Tenants
0br	5	\$800	\$176-\$602
1br	14	\$1,000	\$68-\$676
2br	26*	\$1,200	\$48-\$801
3br	17	\$1,500	\$96-\$893
4br	10	\$1,725	\$411-\$986
TOTALS	72	--	--

*Note that one 2br unit is occupied by the Property Manager and will not receive a subsidy (no rent is collected for this unit).

Items 17 and 18 – File 99-0443 and File 99-0444

Department: Department of the Environment (DOE)
Public Utilities Commission (PUC)

Item: Ordinance amending Part I of the Municipal Code
(Administrative Code)

Description: **File 99-0443**
The proposed ordinance would add a new chapter, Chapter 82, Sections 82.1 to 82.7 to the City's Municipal Code (Administrative Code) which establishes resource efficiency requirements, including low-flow toilets and showerheads, efficient light fixtures, indoor air quality measures, recyclable storage and construction and demolition debris management, for City-owned facilities and facilities leased by the City.

The proposed ordinance would assist the City in fulfilling Statewide goals, including the reduction of the amount of solid waste disposed in landfills, promoting more efficient City buildings that consume less electricity, water and other resources and the reduction of the waste materials generated in the demolition and construction of City-owned buildings. All of these goals would assist the city in meeting some of the objectives of the City's Sustainability Plan. The City's Sustainability Plan was adopted by the Board of Supervisors in July of 1997, and lays out long-term goals for the City in the areas of environmental conservation, community development and economic growth.

The requirements imposed under the proposed ordinance, detailed below, would apply to City-owned buildings occupied by City Departments, buildings and space within buildings leased by a City department from a private lessor, but only where the City is responsible for utilities, and City-owned buildings with private tenants under new leases (leases executed 90 days or more after the effective date of the ordinance). The requirements imposed under the proposed ordinance would also apply to those City construction projects with a total project cost of \$90,000 or more that also require a building permit.

BOARD OF SUPERVISORS
BUDGET ANALYST

The following is a summary of the requirements under the proposed ordinance:

Water Conservation

Presently, under a 1994 PUC mandate, all showerheads in City-owned buildings must not use more than 2.5 gallons of water per minute; all faucets must have aerators (except hospitals); and all toilets must not use more than 3.5 gallons of water per minute. According to Ms. Kim Knox of the PUC, all non-City buildings were required by the PUC to be retrofitted to meet the same regulations by March 1, 1999 in order to get a 33 percent lower rate on their water bill.

Under the proposed ordinance, City departments must (a) at the time of major remodeling, when a water drainage system is substantially altered, modified or renovated or (b) by June 30, 2005, replace all toilets with low-flow toilets (using no more than 1.6 gallons of water per flush) and showerheads (using no more than 1.5 gallons of water per minute). The PUC would be required to award outside contracts for the purchase and installation of such toilets and showerheads, and establish a procedure with the Department of Public Works (DPW) for installation.

Attachment I, provided by Ms. Kimberly M. Knox of the PUC, details the estimated cost savings over the next 15 years of installing the toilets required under the ordinance in City-owned buildings and leased building where the City pays for water consumption, and also details the cost savings that could be realized at fire stations and public swimming pools in the City by installing water-efficient shower heads. As shown on Attachment I, the City would save approximately \$415,682, net of costs, over the next 15 years of the program by installing water-efficient toilets in City-owned buildings, and would also save approximately \$101,111, net of costs, over the next 15 years of the program by installing water-efficient toilets in property leased by the City where the City pays for water consumption. Therefore, the City could save a total of \$516,793 over the next 15 years by installing water-efficient toilets. Attachment I also details the estimated cost savings of installing water-efficient shower heads in City fire

stations and public pools, a total of \$87,757 over the next 15 years. According to Ms. Knox, the net savings over the next 15 years would be \$80,407, after subtracting the cost of installing 490 low-flow shower heads (\$7,350, at a cost of \$15 each).

Energy Conservation

According to Ms. Danielle Dowers of the PUC Bureau of Energy Conservation, City departments are presently encouraged by the PUC to be in compliance with the provisions of the State's Title 24 regulations, which prescribe requirements related to energy conservation such as energy-efficient heating, ventilation and air conditioning (HVAC) systems and lighting systems. The City does not impose a separate energy conservation requirement. Neither the City nor the State conducts inspections to determine Title 24 compliance

Under the proposed ordinance, City departments would be required to use certain types of energy efficient light fixtures and exit signs, as specified by the ordinance or State law, whichever is more stringent. For example, City departments would be required to use light-emitting diode-type (LED) signs, which consume less electricity, when installing or replacing exit signs.

Attachment II, provided by Ms. Dowers of the PUC, details the cost savings for installing LED exit signs, improved fluorescent lighting and outdoor lighting controls. As shown in Attachment II, the improved fluorescent lighting would result over the next 15 years in a total cost of \$150,000, a total savings of \$1,014,880 and a net savings of \$864,880 to the City. Aggregate numbers are not available for the LED lighting and outdoor lighting controls, but as shown in Attachment II, each installation would result in a net savings to the City over the next 15 years.

Air Quality

Within 90 days of the effective date of this proposed ordinance amendment, DOE would be required to assist City departments in developing indoor air quality maintenance plans. For example, DOE would provide guidelines on procedures for inspecting and maintaining

HVAC systems. According to Ms. Francesca Vietor of DOE, there would be no additional costs or savings to the City for this measure.

Fluorescent Lamp Recycling

City departments would be required to recycle all discarded fluorescent lamps. According to Ms. Barbara Bernardini of the Solid Waste Management Program, this requirement would result in a net additional cost of approximately \$2,000 to the City each year, or approximately \$30,000 over the next 15 years.

Storage of Recyclables

City departments would be required to secure space for recycling areas equal to the space set aside for storage of refuse. According to Ms. Bernardini, this requirement would not result in any net additional costs or savings to the City.

Construction and Demolition Debris

Presently, there are no City requirements related to the disposal of construction and demolition debris, according to Ms. Bernardini.

The proposed ordinance would require that all City construction projects, with total projected costs of \$90,000 or more at City-owned facilities and at space leased by the City under new or existing leases, minimize, reuse and recycle construction and demolition debris. The proposed mandates include requiring the construction contractor to develop and implement programs for on-site or off-site recycling of materials such as asphalt, concrete, rocks and sand. Additionally, the proposed ordinance would allow the Director of DOE to grant exemptions to any requirement that creates an unreasonable burden on a project or department. According to Ms. Bernardini, this requirement would not result in any net additional cost to the City.

File 99-0444

The proposed ordinance, amending Part I of the Municipal Code (Administrative Code) by adding Section 82.8 to Chapter 82, would create a pilot project to demonstrate innovative construction techniques, such as

passive solar heating, building design that takes advantage of sunlight for office illumination, natural ventilation systems, building materials and other resource-efficient methods in the construction of selected City-owned facilities and facilities leased by the City.

The proposed ordinance would create a task force of representatives from the following departments to select pilot projects:

- Department of the Environment
- Department of Public Works
 - Bureau of Architecture
 - Bureau of Construction Management
- Public Utilities Commission
 - Customer Service Bureau
 - Bureau of Energy Conservation
- Department of Administrative Services
 - Solid Waste Management Program
- Department of Building Inspection

Within 90 days of the effective date of the proposed ordinance, the City departments listed in Attachment III would be required to identify at least one project currently planned which could be selected by the task force as a pilot project. According to Ms. Vietor, it is expected that one to three projects would be selected for FY 1999-2000 and a total of five to seven projects for FY 2000-2001.

The proposed ordinance requires revenue-generating City departments to fund pilot projects from their own revenue and General Fund supported departments to submit requests for funding from the General Fund to the Board of Supervisors. DOE would attempt to identify other public and private sector funding for the remaining pilot projects.

The proposed ordinance requires that, for any unfunded pilot projects for FY 2000-2001, the Bureau of Architecture would submit funding requests, coupled with cost-benefit projections, to the City's Capital Improvement Advisory Committee by January 31, 2000. Lastly, the Bureau of Architecture would be required to submit to the Board of Supervisors, within three years of

the effective date of the proposed ordinance, a report on the success of the pilot projects.

Comment:

1. According to Ms. Vietor, DOE is requesting a new position to administer the energy efficiency programs and pilot projects resulting from the two ordinances, at a cost of approximately \$82,443 per year in salary and fringe benefits. Ms. Vietor states that this position has been approved by the Commission on the Environment as part of DOE's proposed FY 1999-2000 budget. If the position is also approved in the Mayor's FY 1999-2000 budget it would be subject to appropriation approval by the Board of Supervisors.

2. As discussed above, the following table summarizes the estimated costs and benefits of the proposed ordinance, Item 17, File 99-0444, over the next 15 years:

<u>Additional Estimated Costs and Savings to the City over the Next 15 Years</u>			
	<u>Costs</u>	<u>Savings</u>	<u>Net Savings</u>
<u>Water Conservation</u>			
Low-flow toilets	\$75,255	\$592,048	\$516,793
Low-flow shower heads	7,350	87,757	80,407
<u>Electricity Conservation:</u>			
Improved fluorescent lighting	150,000	1,014,880	864,880
Fluorescent lamp recycling	<u>30,000</u>	<u>0</u>	<u>(30,000)</u>
Total	\$262,605	\$1,694,685	\$1,432,080
LED Exit Signs			
(Per Fixture)	\$50	\$443	\$393
Improved outdoor floodlights			
(average per fixture)	\$20	\$859	\$839

In cases where the PUC was unable to provide estimates of the aggregate number of devices that would be replaced, the costs and benefits cited are per fixture.

As shown in the table above, the City will realize a net estimated savings of \$1,432,080 with the installation of low-flow toilets, low-flow shower heads and improved fluorescent lighting and the recycling of fluorescent lamps over the next 15 years. In addition, each light-emitting diode (LED) exit sign installed will result in a savings of \$393 and each improved outdoor floodlight installed will result in an average savings of \$839 over the next 15 years.

Indoor Air Quality

According to Ms. Vietor, these requirements will not result in any net additional costs or savings to the City. Ms. Vietor states that the potential benefits include increased City employee health and productivity.

Fluorescent Lamp Recycling

According to Ms. Bernardini, this requirement would result in an additional cost of approximately \$2,000 per year to the City, or a total of \$30,000 over the next 15 years.

Recyclable Storage

According to Ms. Bernardini, this requirement would not result in any net additional costs or savings to the City.

Construction and Demolition Debris Management

According to Ms. Bernardini, this requirement would not result in any additional cost to the City.

3. As described above, Item 18, File 99-0444, does not, in and of itself, result in direct costs to the City. However, the costs of pilot projects will be subject to future appropriation decision by the Mayor and Board of Supervisors. According to the office of the sponsor of this legislation, the Mayor's proposed capital budget for FY 1999-2000 now being considered by the Capital Improvements Advisory Committee includes \$100,000 for a pilot project.

Recommendation:

Approval of the proposed ordinances is a policy matter for the Board of Supervisors.

Cost-Benefit Analysis of Savings on Installing 1.6 Gallon Per Flush Toilets in Municipal Buildings

Department	Address	Account No.	No. of Toilets	Estimated Usage by Toilets-CCF/Yr. ¹	Potential Yrly. Savings-CCF	Potential Yrly. Saving*\$5.40 ⁶	Contractors' \$435/Toilet ²	DPW's Cost \$568/Toilet ³	Payback Period in Yr.	Depts. Net Savings Minus Installation Over 15 Years
Library	109 Broad Street	265872-01-0	1	101.2	47	254	\$435	\$568	1.71	\$3,372
Library	351 9th Street	265498-01-2	2	268	145	783	\$870	\$1,136	1.11	\$10,875
City College ⁴	1000 Alemany	263021-01-6	5	200	93	502	\$2,175	\$2,840	4.33	\$5,377
MUNI	998 Presidio	265569-01-2	6	466	217	1172	\$2,610	\$3,408	2.23	\$14,967
MUNI	1501 Market	264702-01-0	3	106.4	50	270	\$1,305	\$1,704	4.83	\$2,745
MUNI	199 Lenox	265209-01-5	3	92	50	270	\$1,305	\$1,704	4.83	\$2,745
MUNI	51 Church	265773-01-3	3	81	44	238	\$1,305	\$1,704	5.49	\$2,259
MUNI	3000 3rd Street	264735-01-0	3	71	33	178	\$1,305	\$1,704	7.32	\$1,368
MUNI	151 Beach	265466-01-1	3	346	188	1015	\$870	\$1,136	1.29	\$13,923
MUNI	4000 17th St.	265527-01-0	2	97	45	243	\$870	\$1,136	3.58	\$2,775
MUNI	700 14th St.	265772-01-2	2	109	51	275	\$870	\$1,136	3.16	\$3,261
MUNI	151 Magellan	265206-01-1	2	446	208	1123	\$870	\$1,136	0.77	\$15,978
Dept. of Electricity	200 Palo Alto	270564-01-6	1	74	35	189	\$435	\$568	2.30	\$2,400
DPW	2323 Army	265041-01-2	6	1641	766	4136	\$2,610	\$3,408	0.63	\$59,436
DPH	331-333 Turk	265397-01-8	7	218	102	551	\$3,045	\$3,976	5.53	\$5,217
DPH	1525 Silver	264933-01-1	5	522	244	1318	\$2,175	\$2,840	1.65	\$17,589
DPHS CMHS	111 Potrero	264718-01-6	5	272	148	799	\$2,175	\$2,840	2.7	\$9,813
DPH-CMHS	471 Jessie	264679-01-9	5	1394	697	3764	\$2,175	\$2,840	0.6	\$64,282
SFWD	425 Mason	272588-01-3	16	456	213	1150	\$3,980	\$0,080	6.0	\$10,293
Herbst Theatre	401 Van Ness	265133-01-7	32	1418	662	3575	\$13,820	\$18,176	3.9	\$39,702
War Memorial Bldg.	401 Van Ness	265969-01-4	10	2442.4	1140	6156	\$4,350	\$5,860	0.7	\$87,990
Dept. of Health	101 Grove	265133-01-7	12	1394.4	651	3515	\$5,220	\$6,816	1.5	\$47,511
Total			134	12266	5852	31598	\$58,260	\$76,112	1.8	\$415,682
Average			1.00	88.89	42.40		\$435	\$568	1.89	\$3,000
<ol style="list-style-type: none"> 1. Surveys have found that 40-60% of all water consumed in office and municipalities are used in flushing toilets. The usage for each building was calculated by taking the total consumption in FY 97-98 and multiplying by 40%. 2. Under the legislation, SFWD is required to create a list of outside contractors that departments can contact. This is the average contractor's estimated highest cost including three hours of labor, new bowl and a new valve. 3. Under the legislation, SFWD is required to work with DPW to give a set price per toilet. This is DPW's estimate of average cost. 4. Payback period is calculated by taking the costs of installation and dividing by the amount of money saved the building's savings in water and sewer rates each year. For the next seven years, the water rate will be \$1.26 per ccf and sewer starts at \$5.40 per ccf. 5. City College is an enterprise department. All of the rest of the buildings are general fund departments and do not pay water consumption charges. 6. All of these accounts except for City College pay only for sewer at \$5.40 per ccf. These are all nonenterprise departments. 										
Enterprise departments pay for water and sewer.										

Estimated Savings of Departments that Lease Property from a Private Party But Pay the Buildings' Water Bill

Account	Service Address	Paying	1988 Yearly	1987 Yearly	1986 Yearly	Average Yearly	Estimated Amt. of Water For Flushing	Projected Yearly Savings ¹	\$ Yrly Savings ²	Est. # of Toilets	Installation Cost ³ Toilets x \$435	Payback in Years	Activity	Savings Over 15 Yrs. Less Installation ⁴
166701-02-0	729 Filbert	Nonpaying	716	648	597	674	269	135	\$728	1	\$435	0.6	Clinic	\$10,478.40
264786-01-9	350 Harbor	Paying	541	457		499	200	100	\$540	1	\$435	0.8	Warehouse	\$7,567.70
264718-01-6	111 Polero	Nonpaying	450	540	895	628	251	126	\$673	2	\$870	1.3	Clinic	\$9,309.00
258064-02-1	1380 Howard	Paying	1002	1216	1773	1330	532	266	\$1,437	6	\$7,610	1.8	Offices	\$18,941.40
264703-02-6	1440 Harrison	Nonpaying	1249	25	652	642	297	128	\$693	4	\$1,740	2.5	Offices	\$8,659.95
265963-01-7	2001 Van Ness Ave	Nonpaying	164	232	670	355	142	71	\$384	2	\$870	2.3	Outpatient Clinic	\$4,888.40
258054-05-5	1235 Mission	Nonpaying	1112	1058	931	1034	413	207	\$1,116	4	\$1,740	1.6	Offices	\$15,005.40
264696-01-6	555 7th Street	Nonpaying	870	759	860	830	332	166	\$696	4	\$1,740	1.9	Offices	\$11,700.60
162738-04-1	1 Jones St	Nonpaying	625	260	390	425	170	85	\$459	2	\$870	1.9	Task Force	\$6,015.00
102818-02-8	160 South Van Ness	Paying	408	329		369	147	74	\$399	4	\$1,740	4.4	Offices	\$4,248.60
265023-01-0	759 S. Van Ness	Nonpaying	238	123	140	167	67	33	\$180	2	\$870	4.8	Clinic	\$1,635.40
265556-01-9	3901 Mission	Nonpaying	76	116	104	99	39	20	\$107	2	\$870	8.2	Clinic	\$7,28.36
247722-07-7	80 Charter Oak	Paying	207	50	73	110	44	22	\$120	1	\$435	3.6	Paint Shop	\$1,365.69
265925-01-6	2355 Ocean	Nonpaying	64	58	54	59	23	12	\$63	2	\$870	13.7	Clinic	\$60.38
265960-03-5	238 Monterey	Nonpaying	70	71	55	65	26	13	\$71	2	\$870	12.3	Clinic	\$168.18
Total											\$16,965			\$101,110.65

1. Projected Yearly Savings was calculated at assuming that 40% of the yearly consumption was spent on flushing toilets. Then it was assumed that with the replacement of the existing 3.0-3.5 gallon finding of leaks at the time of the installation of the toilets, the department would find a 50% savings. An example would be 729 Filbert. Their average yearly consumption is 674 ccf. The toilets, the department would see a 50% savings. An example would be 729 Filbert. Their average yearly consumption is 674 ccf. An estimated 50% of their water consumption is used to flush toilets or approximately 268 ccf per year. With the installation of 1.8 gallon per flush toilets, it is estimated that they would save half of the water that they use for flushing or 135 ccf per year.
2. Departments funded by the general fund are only charged for sewer at \$5.40 per ccf. Enterprise departments are considered "paying" accounts and are charged for water at \$1.26 per ccf and sewer at \$5.40 per ccf.
3. It is assumed that all of these buildings use flushvalves. The average cost of a 1.6 gallon per flush flushvalve and the labor to install a flushvalve ranges from \$435 for an outside company and \$536 by DPW's Plumbing Shop.
4. The yearly financial savings of installing 1.6 gallon per flush toilets was multiplied by 15 years and the cost of the toilets and installation was subtracted from that total. The average flush valve will last 15 to 20 years.

Estimated Savings on Showerheads in Two of Biggest Users of Showerheads-Fire Stations and Pools

Service Address	Est. # of Daily Showers	Daily Savings in Gallons	Yearly Savings in Gallons	Yearly Savings	Savings over Life of Showerhead
Fire Station	10	100	36,500	\$264	\$791
40 Fire Stations ¹	400	4,000	1,460,000	\$10,540	\$31,620

1. According to the Fire Department, San Francisco has forty stations.
2. An estimate was made that on an average day, a total of ten showers per day were made by firefighters on duty.
3. Currently, almost every showerhead in municipal buildings uses 2.5 gallons per minute. With the installation of 1.5 gallon per minute showerheads, the department would be saving 1 gallon per minute or 10 gallons per the average 10 minute shower.
4. Yearly savings is calculated at \$5.40 per ccf. As a department that receives its funds from the General Fund, the Fire Dept. is only charged for sewer at \$5.40 per ccf. Since fire stations are open 365 days per year, the yearly savings was calculated at 365 days.
5. The average life of a showerhead is three years. The average cost of a showerhead is \$5-\$15. Most maintenance people could install a showerhead.

Service Address	Est. # of Daily Showers	Daily Savings in Gallons	Yearly Savings in Gallons	Yearly Savings	Savings over Life of Showerhead
Pool	120	1200	288,000	\$2,079	\$6,237
9 Public Pools ¹	1080	10800	2,592,000	\$18,712	\$56,137

1. The San Francisco Telephone Book lists nine public pools.
2. An estimate was made that on an average day, a total of 120 showers per day were made by visitors to the pool, including neighboring high schools' swim teams.
3. Currently, almost every showerhead in municipal buildings uses 2.5 gallons per minute. With the installation of 1.5 gallon per minute showerheads, the department would be saving 1 gallon per minute or 10 gallons per the average 10 minute shower.
4. Yearly savings is calculated at \$5.40 per ccf. As a department that receives its funds from the General Fund, Rec and Park is only charged for sewer at \$5.40 per ccf. It was estimated the pools were open to the public 240 days per year.
5. The average life of a showerhead is three years. The average cost of a showerhead is \$5-\$15. Most maintenance people could install a showerhead.

Resource Efficient City Buildings Ordinance
Lighting Requirements Cost Effectiveness

	LED exit sign		Electronic ballast/T8 lamps		ballast/lamp replacement		Photocell		case 2		case 3		case 4	
	single face 24 hrs/day	75 hrs/day	fixture replacement 2 lamp 4 ft. fixture 12 hrs/day	100 hrs/day	2 lamp 4 ft. fixture 12 hrs/day	19 hrs/day	12 hrs/day	150 watt inc flood 12 hrs/day	12 hrs/day	150 watt HPS flood 12 hrs/day	150 watt inc flood 6 hrs/day	150 watt HPS flood 6 hrs/day	150 watt HPS flood 8 hrs/day	
materials costs														
energy efficient														
standard														
additional first cost														
labor costs														
energy savings														
savings (kwatts)														
hours only/year														
lifetime of equip. (years)														
kwh cost (\$)														
subtotal														
materials savings														
no replacement lamps														
price per lamp (\$)														
subtotal														
maintenance savings														
lamp maint trips														
hours/maint trip														
labor rate (\$/hr)														
subtotal														
total savings/unit														
differential cost/unit														
net savings/unit														
estimated # units/year														
differential cost														
net savings														

1. Ballast/lamp replacement unit estimate based on sales figures reported by vendor. Other unit numbers for purposes of illustration only.
2. Ballasts and lamps will be replaced, as needed, at an estimated rate of 2,000 per year.

The aggregate estimated cost, savings and net savings for the 30,000 replaced over the next 15 years are:

Differential cost	\$150,000
Total savings	\$1,014,880
Net Savings	\$864,880

City Departments required to submit Projects for consideration:

San Francisco International Airport
Department of Public Health
Department of Human Services
Department of Parking and Traffic
Department of Real Estate
Department of Public Transportation
Fire Department
Mayor's Treasure Island Project Office
Police Department
Public Utilities Commission
Recreation and Park Department
San Francisco Public Library
War Memorial and Performing Arts Center, Asian Art Museum of San
Francisco, and Fine Arts Museum of San Francisco
Port of San Francisco
Sheriff's Department

Item 19 – File 99-0732

Note: This item was continued by the Finance and Labor Committee at its meeting of May 5, 1999.

Department: Municipal Railway (Muni)

Item: Release of reserved funds in the amount of \$468,862 to partially fund the Muni Electrical Improvements Project.

Amount: \$468,862 (see Comment)

Source of Funds: Federal Surface Transportation Funds

Description: In October of 1992, the Board of Supervisors approved a resolution authorizing the Public Utilities Commission (PUC) to apply for, accept and expend \$1.2 million of Federal Surface Transportation Funds and \$300,000 of local and regional matching funds, for a total of \$1.5 million for the design and rehabilitation of Muni's fixed facilities (Resolution No. 907-92, File 94-92-8). That \$1.5 million grant represented a portion of Muni's overall \$7.5 million Metro Subway Modifications Project. Planned modifications associated with this Project included alterations to the subway, surface and maintenance systems to accommodate larger light rail vehicles (LRVs) than were previously in service in the Muni fixed rail system.

Of the total \$1.5 million authorized in October of 1992, \$1,273,862 was placed on reserve for capital improvement projects, pending the selection of contractors and submission of cost details.¹ According to Mr. Jerry Levine of Muni, since the initial reserve, the Board of Supervisors has approved the release of \$805,000² of the total original reserve of \$1,273,862, leaving a balance remaining on reserve of \$468,862 (see Comment).

¹ Mr. Levine explains that the reserve balance of \$468,862 was not needed until the present time because final analyses of necessary electrical modifications for the new LRVs had not been completed.

² These funds were applied towards Muni's Dynamic Envelope Improvements which made various modifications to LRV maintenance and storage facilities to accommodate the new, larger LRV vehicles. The Dynamic Envelope Project is also a component of the Metro Subway Modifications Project.

Memo to Finance and Labor Committee
May 12, 1999 Finance and Labor Committee Meeting

Mr. Levine explains that the subject request of \$468,862 would provide partial funding for Element I of the Muni Metro \$6.5 million Electrical Improvements Project. Element I would fund preliminary engineering, design and construction support necessary to upgrade electrical systems within the Muni Metro Tunnel to be consistent with the technology of the new light rail vehicles (LRVs), including the replacement of an outdated emergency telephone system. According to Mr. Levine, Element I is budgeted at \$608,363 and would be financed by this subject request of \$468,862 currently on reserve as well as \$139,501 of previously allocated funds. Attachment I, provided by Muni, contains the estimated project elements and costs for the Muni Metro Electrical Improvements including the Element I costs of \$608,363.

Budget: A summary budget provided by Muni for Element I of the Electrical Improvements is as follows:

Muni Labor (Preliminary Engineering, Design, Construction Support)	\$528,363
Equipment/Construction (Replacement Of Emergency Telephone System)	<u>80,000</u>
	\$608,363

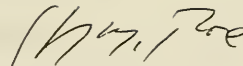
Attachment II, provided by Muni, contains the budget details to support this budget of the Muni in-house engineering staff of \$528,363 as well as the emergency telephone system costs of \$80,000.

Comment: According to Mr. Levine, the subject release incorrectly requests \$423,862 as the amount to be released. This amount resulted from data transposition and arithmetic errors. Mr. Levine reports that the correct amount to be released is \$468,862 which is the balance remaining on reserve.

Recommendation: In accordance with the above Comment, approve the release of reserved funds of \$468,862.

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Finance and Labor Committee
May 12, 1999 Finance and Labor Committee Meeting


Harvey M. Rose

cc: Supervisor Yee
Supervisor Bierman
President Ammiano
Supervisor Becerril
Supervisor Brown
Supervisor Katz
Supervisor Kaufman
Supervisor Leno
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Legislative Analyst
Matthew Hymel
Stephen Kawa
Ted Lakey

Public Transportation Department
Muni Metro Electrical Improvements Project

Estimated Project Elements and Costs

Element I

Muni Labor

Preliminary Engineering/ Design/ Construction Support	\$528,363
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Equipment/ Construction

Replacement of Emergency Telephones	\$80,000
	\$608,363

Element II

Muni Labor

Detailed Design/ Construction Support	\$751,637
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Equipment/ Construction

Replacement of Gap Breakers	\$1,600,000
Replacement of Emergency Lighting	
Replacement of Ambient Lighting	
Replacement of Emergency Power	\$1,350,000
Replacement of Fire Alarm Systems	
Replacement of Signal Batteries	\$2,190,000
Replacement of Emergency Signage	
Replacement of Receptacles, as needed	
 Subtotal:	 \$6,500,00

Title: MUNI METRO ELECTRICAL IMPROVEMENTS

FORCE ACCOUNT LABOR (COST RESPONSIBILITY)		DOLLARS 1999/00		DOLLARS 2000/01		DOLLARS 2001/02		PROJECT TOTAL DOLLARS	
CLASS	TITLE	10	20	30	40	10	20	30	40
PHASE 2: DETAIL DESIGN									
5238	Assoc. Elec. Eng.	5923	2787	1592					\$ 15924
5239	Assoc. Civil Engineer	2012	671						4696
5240	Assoc. Civil Engineer	2012							1327
5241	Assoc. Assoc. Eng.	8050							13416
5242	Assoc. Elec. Eng.	5923	1838	531					6370
5243	Assoc. Assoc. Eng.	3204	307	307					4454
5244	Assoc. Assoc. Eng.	5463	1814						32898
5245	Assoc. Assoc. Eng.	2488	820						5806
5246	Student Eng. Train II	26656	25337	8266	2430				64689
5247	Student Eng. Train II	58226	51157	16659	5177				131229
Phase 2: Detail Design SUBTOTAL									
... BASE SUBTOTAL (WITH BENEFITS)									
PHASE 3: CONSTRUCTION									
2336	Jr. Elec. Engineer				1045		836	418	2898
2337	Assoc. Elec. Eng.				1951		1951	1951	5852
2338	Assoc. Elec. Eng.				381		381	381	1143
2339	Jr. Elec. Eng. Asst. II				726		580	220	1596
2340	Student Eng. Train II				4102		3748	3040	10890
2341	Student Eng. Train II				7327		7327	6147	21391
Phase 3: Construction SUBTOTAL									
... BASE SUBTOTAL (WITH BENEFITS)									
DIRECT LABOR COST (\$)		28656	25337	8266	2430	4102	3748	3040	\$ 75579
BENEFITS AND OVERHEAD RATE									
BASE TOTAL FORCE ACCOUNT LABOR (\$)		2,0319	2,0191	2,0166	2,1300	1,9301	1,9550	2,0221	2,0191
TOTAL FORCE ACCOUNT LABOR (\$)		58226	51157	16659	5177	7917	7327	6147	\$ 132620
TOTAL FORCE ACCOUNT LABOR (\$)		58266	51459	16853	5274	8115	7556	6379	\$ 153901

MUNICIPAL LABOR

Report ID: CPO7
Page: 4
Run Date: 05/27/99
Data Current as of: 05/19/99
Project Manager: Nishimori, Fumio

CAPITAL PROJECT LOCAL LABOR BUDGET

Title: MUNI METRO ELECTRICAL IMPROVEMENTS (M316.2)

NON-FORCE ACCOUNT LABOR COST RESPONSIBILITY		HOURLY LABOR RATE	DOLLARS 1995/99 4Q	DOLLARS 1999/00 1Q	1Q	2Q	3Q	4Q	DOLLARS 2000/01 1Q	2Q	3Q	4Q	DOLLARS 2001/02 1Q	2Q	PROJECT TOTAL DOLLARS
PHASE 2: DETAIL DESIGN															
5302 Pm I	Project Manager	35,435.0	3420	3420	3420	3420	3420	3420							\$ 13640
5308 Assoc. Elec. Eng.	Project Engineer	33,175.0	5972	5972	5972	5972	5972	5972							15924
5310 Sr. Civil Engineer	Resident Engineer	44,463.5		1423											1423
5314 Admin Engineer	Project Controls	41,300.0	991	991	991	991	991	991							3965
5316 Principal Engineer	Design Review	40,400.0	1166	778	778	778	778	778							3699
5320 Electrical Engineer	Design Review	39,400.0	2304	1546	307	307	307	307							4436
5342 Sr. Elec. Engineer	Design Review	44,463.5	2134	1423	711	711	711	711							4980
9141 Transit Mar II	Project Controls	35,475.0	3502	3502	3502	3502	3502	3502							14006
Phase 2: DETAIL DESIGN SUBTOTAL			19489	18645	12496	11301									61931
... BASE SUBTOTAL (WITH BENEFITS)			41511	39715	26616	24072									131916
PHASE 3: CONSTRUCTION															
5302 Pm I	Project Manager	35,435.0							3420	3420	3420	3420			10760
5310 Sr. Civil Engineer	Resident Engineer	44,463.5							2134	2134	2134	2134			8436
5314 Admin Engineer	Project Controls	41,300.0							991	991	991	991			3974
5316 Principal Engineer	Construction Support	40,400.0							1166	1166	1166	1166			4614
5320 Electrical Engineer	Construction Support	39,400.0							1546	1546	1546	1546			6184
5342 Sr. Elec. Engineer	Construction Support	44,463.5							1423	1423	1423	1423			5692
5352 Elec. Eng. Asst. II	Construction Support	22,475.0							2134	2134	2134	2134			8436
5318 Student Eng. Train II	Construction Support	19,275.0							707	707	707	707			2822
6318 Construct Inspector	Construction Inspection	31,275.0							1078	1078	1078	1078			4312
9141 Transit Mar II	Project Controls	35,475.0							1751	1751	1751	1751			7006
Phase 3: CONSTRUCTION SUBTOTAL									35624	36690	37375	37375			111689
... BASE SUBTOTAL (WITH BENEFITS)									73950	81192	79000				236121
DIRECT LABOR COST (\$)			19489	18645	12496	11301	35424		36690	37375					173420
BENEFITS AND OVERHEAD RATE			R=												
BASE TOTAL NON-FORCE ACCOUNT LABOR (\$)			2,1300	2,1300	2,1300	2,1300	2,0870		2,0985	2,1137					2,1107
TOTAL NON-FORCE ACCOUNT LABOR (\$) WITH 2.50% INFLATION / YEAR			41511	39715	26616	24072	73950		81192	79000					366036
			41540	39948	26942	24522	75796		81735	81981					374463

TOTAL P.02

MUNICIPAL RAILWAY FIRE PHONES

LOCATION	PHONES	PAC BELL		TELAID	DTIS	<u>TOTAL</u>
		MONTHLY	1/C			
Lenox	1	\$92	\$1,005	\$7,985		
West Portal	2	N/A	N/A	\$5,390		
Forest Hills	2	\$92	\$828	\$5,390		
Castro	2	\$106	\$828	\$5,390		
Church	2	\$106	\$828	\$5,390		
Duboce	1	N/A	N/A	\$1,500		
Van Ness	1	\$106	\$828	\$1,500		
Civic Center	1	\$106	\$828	\$1,500		
Powell	1	\$108	\$828	\$1,500		
Montgomery	1	\$108	\$828	\$1,500		
Embarcadero	1	\$108	\$828	\$1,500		
MMT	4	\$108	\$828	\$8,400		
CECC	1	\$108	\$828	\$1,500		
DTIS TECHNICIAN TIME 100 Hrs.					\$8,300	
CABLE AT MMT					\$1,660	
TELAID LABOR 100 Hrs.				\$9,000		
TOTALS		\$1,150	\$9,285	\$57,455	\$9,960	\$76,700



City and County of San Francisco

Meeting Minutes

Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Clerk: Mary Red

Wednesday, May 19, 1999

10:00 AM

City Hall, Room 263

Regular Meeting

Members Present: Sue Bierman, Tom Ammiano.

Members Absent: Leland Y. Yee.

Meeting Convened

The meeting convened at 10:04 a.m.

REGULAR AGENDA

990761 [Hazardous Materials and Hazard Waste Fee Amendment]

Ordinance amending Health Code by amending Sections 1176, 1191 and 1204 to provide for changes in the fees charged by the Department of Public Health for various services related to hazardous materials and hazardous waste beginning in the fiscal year 2000. (Department of Public Health)

4/19/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Sue Cone, Department of Public Health; Harvey Rose, Budget Analyst; Supervisor Ammiano; Doug Kern, Chair, Hazardous Materials Advisory Committee.

RECOMMENDED by the following vote:

Ayes: 2 - Bierman, Ammiano

Absent: 1 - Yee

990785 [Appropriation, Airport Commission]

Ordinance appropriating \$143,500,000, Airport Commission, of San Francisco International Airport Bond proceeds-issue 24 to professional services, interest expense, and a capital improvement project for the renovation of the North Terminal, and construction of a new parking facility, concession facility, and museum space for fiscal year 1998-1999; placing \$143,500,000 on reserve. (Controller)

(Fiscal impact.)

4/21/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Jon Ballesteros, Airport.

RECOMMENDED by the following vote:

Ayes: 2 - Bierman, Ammiano

Absent: 1 - Yee

990917 [Appropriation, Airport]

Ordinance appropriating \$57,111,485, Airport Commission, of various Bond fund balances and interest earned to fund capital improvement projects, including construction of the new underground West Field Detention Pond, the Concourse H/Airtrain Station, and other approved infrastructure projects in the Airport's capital plan, for fiscal year 1998-1999. (Airport Commission)

(Fiscal impact.)

5/5/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jon Ballesteros, Airport.

RECOMMENDED by the following vote:

Ayes: 2 - Bierman, Ammiano

Absent: 1 - Yee

990798 [Building Inspection Commission Appeals]

Ordinance amending Administrative Code by adding Chapter 77 and amending Building Code by adding Section 105.8 to implement the Charter-mandated appellate authority of the Building Inspection Commission, to provide that appeals heard by the former Abatement Appeals Board shall be heard by the Commission, and to authorize an exemption from or refund of appeal fees under specified circumstances, amending Table 1-K of the Building Code to establish Building Inspection Commission Appeal Fees. (Department of Building Inspection)

(Adds Administrative Code Chapter 77; adds Building Code Section 105.8 and Table 1-K)

4/21/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; William Wong, Department of Building Inspection; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 2 - Bierman, Ammiano

Absent: 1 - Yee

990809 [Reserved Funds, PUC/Dept of Administrative Services]

Supervisor Yee

Hearing to consider release of reserved funds, \$91,400 (Public Utilities Supplemental Appropriation, File No. 990245), and \$464,880, (Department of Administrative Services Fiscal Year 1998-1999 Budget), to defray expenses related to the reuse of space at 875 Stevenson.

4/26/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Tony DeLucchi, Real Estate Department; Supervisor Ammiano. Release of funds approved as requested.

APPROVED AND FILED by the following vote:

Ayes: 2 - Bierman, Ammiano

Absent: 1 - Yee

990853 [Roof Equipment License Agreement]

Resolution authorizing a retroactive roof equipment license extension agreement for 555 California Street for the Department of Telecommunication and Information Services. (Real Estate Department)

4/28/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Tony DeLucchi, Real Estate Department; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 2 - Bierman, Ammiano

Absent: 1 - Yee

990856 [Lease of Real Property]

Resolution authorizing the lease of real property at 160 South Van Ness for the Department of Human Services. (Real Estate Department)

(Fiscal impact.)

4/28/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Tony DeLucchi, Real Estate Department; Rose Chow, Department of Human Services; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 2 - Bierman, Ammiano

Absent: 1 - Yee

990902 [Lease of Property]

Resolution approving extension and second modification of commercial lease for Parcel No. 2 at the Moscone Center Garage (257 Third Street between Folsom and Howard Streets). (Real Estate Department)

5/4/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Tony DeLucchi, Real Estate Department.

RECOMMENDED by the following vote:

Ayes: 2 - Bierman, Ammiano

Absent: 1 - Yee

990908 [Lease of Real Property]

Resolution authorizing a lease of real property at 1975-1999 Bryant Street for the Department of Parking and Traffic. (Real Estate Department)

5/5/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Tony DeLucchi, Real Estate Department; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 2 - Bierman, Ammiano

Absent: 1 - Yee

990909 [Renewal, Long Term Provisional Appointments]

Resolution approving the renewal of provisional appointments through December 31, 1999, for employees in classes for which no eligible list exists and who have been employed in the class more than three years, pursuant to San Francisco Charter Section 10.105 and upon certification by the Human Resources Director that, for reasons beyond her control, the Department has been unable to conduct examinations for these positions. (Department of Human Resources)

5/5/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Linda Marini, Department of Human Resources; Supervisor Ammiano; Leslie Abbott, Local 21.

RECOMMENDED by the following vote:

Ayes: 2 - Bierman, Ammiano

Absent: 1 - Yee

990918 [Water Rates]

Ordinance approving revised schedule of service fees to be charged by the San Francisco Public Utilities Commission to retail water customers in San Francisco and suburban areas. (Public Utilities Commission)

(Fiscal impact; SUBSTITUTED by Public Utilities Commission 5/10/99 bearing same title.)

5/5/99, RECEIVED AND ASSIGNED to Finance and Labor Committee. With direction to report back to Board May 24, 1999

5/10/99, SUBSTITUTED.

5/10/99, ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Ammiano; Andy Moran, General Manager, Public Utilities Commission.

RECOMMENDED by the following vote:

Ayes: 2 - Bierman, Ammiano

Absent: 1 - Yee

990924 [Water Rates]

Ordinance approving revised schedule of rates to be charged by the San Francisco Public Utilities Commission for water service to its suburban resale customers. (Public Utilities Commission)

(Fiscal impact.)

5/5/99, RECEIVED AND ASSIGNED to Finance and Labor Committee. With direction to report back to Board May 24, 1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Ammiano; Andy Moran, General Manager, Public Utilities Commission.

RECOMMENDED by the following vote:

Ayes: 2 - Bierman, Ammiano

Absent: 1 - Yee

ADJOURNMENT

The meeting adjourned at 11:00 a.m.

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3
9/99
CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

May 14, 1999

DOCUMENTS DEPT.

TO: Finance and Labor Committee

FROM: Budget Analyst

SUBJECT: May 19, 1999 Finance and Labor Committee Meeting

MAY 18 1999

SAN FRANCISCO
PUBLIC LIBRARY

Item 1 - File 99-0761

Department: Department of Public Health (DPH)

Item: Ordinance amending Sections 1176, 1191, and 1204 of Part II, Chapter V of the San Francisco Municipal Code (Health Code) to provide for changes in the fees charged by the Department of Public Health for various services related to hazardous materials and hazardous waste beginning in Fiscal Year 2000.

Description: The proposed ordinance would revise fees effective July 1, 1999 charged for State-mandated¹ hazardous materials regulation services provided by the Department of Public Health's Hazardous Materials Unified Program Agency (HMUPA). According to Ms. Sue Cone of DPH, HMUPA regulates businesses that store hazardous materials either above ground or in underground storage tanks or that generate or treat hazardous waste. Ms. Cone explains that regulated businesses pay fees based on the amount of hazardous material stored, the number of underground storage tanks, the amount of hazardous waste generated and the treatment method used. Ms. Cone further explains that these fees cover the costs for DPH to provide regulation

¹ According to Ms. Cone, this service mandate is included in the State of California Health & Safety Code, Chapter 6.11.

BOARD OF SUPERVISORS
BUDGET ANALYST

services, including the conducting of inspections of applicable businesses and related administrative costs.

Ms. Cone reports that HMUPA fees have not been increased since November 1997. Ms. Cone explains that the proposed fee increases would be implemented over the course of four years with initial implementation planned for July 1, 1999, as reflected in the Attachment to this report provided by DPH. Ms. Cone further explains that the proposed fee increases are being proposed to fully recover the costs of the HMUPA hazardous materials regulation services.

The Attachment to this report, provided by DPH, lists all of the existing fees, the proposed fees and the dollar and percentage fee increases.

According to Ms. Cone, the total annual revenues realized from the existing fees are estimated at \$1 million and the proposed fees would result in estimated increased annual revenues of \$200,000 in the first year of implementation, \$400,000 in the second year of implementation, \$600,000 in the third of implementation, and \$800,000 in the fourth year of implementation. These annual revenue increases would result in total estimated annual revenues of \$1.2 million in the first year of implementation, \$1.4 million in the second year of implementation, \$1.6 million in the third of implementation, and \$1.8 million in the fourth year of implementation and thereafter. Ms. Cone reports that all such fee revenues are included in the DPH annual budget.

Comment: As previously noted, Ms. Cone reports that the proposed fee increases are for purposes of fully recovering the Department's costs of providing the State-mandated HMUPA hazardous materials regulation services.

Recommendation: Approval of the proposed ordinance is a policy decision for the Board of Supervisors.

HMUPA BASE FEE

	YEAR 1	YEAR 2	AMOUNT OF CHANGE	% CHANGE	YEAR 3	AMOUNT OF CHANGE	% CHANGE	YEAR 4	AMOUNT OF CHANGE	% CHANGE
NEW FEE	\$98	\$112	\$14	14%	\$125	\$13	12%	\$135	\$10	8%

INITIAL APPLICATION FEE

	YEAR 1	YEAR 2	AMOUNT OF CHANGE	% CHANGE	YEAR 3	AMOUNT OF CHANGE	% CHANGE	YEAR 4	AMOUNT OF CHANGE	% CHANGE
NEW FEE	\$98	\$112	\$14	14%	\$125	\$13	12%	\$135	\$10	8%

Note: All regulated businesses pay routine fees plus the base fee annually. Routine fees listed in these charts do not include the base fee.

ROUTINE HAZARDOUS MATERIALS REGISTRATION FEES

Total Quantity Group	CURRENT FEE	YEAR 1	AMOUNT OF CHANGE	% CHANGE	YEAR 2	AMOUNT OF CHANGE	% CHANGE	YEAR 3	AMOUNT OF CHANGE	% CHANGE	YEAR 4	AMOUNT OF CHANGE	% CHANGE
1	\$231	\$153	-\$78	-34%	\$176	\$23	15%	\$197	\$21	12%	\$221	\$24	12%
2	\$252	\$160	-\$92	-37%	\$184	\$24	15%	\$206	\$22	12%	\$231	\$25	12%
3	\$273	\$174	-\$99	-36%	\$200	\$26	15%	\$224	\$24	12%	\$251	\$27	12%
4	\$294	\$209	-\$85	-29%	\$240	\$31	15%	\$268	\$28	12%	\$300	\$32	12%
5	\$315	\$237	-\$78	-25%	\$272	\$35	15%	\$304	\$32	12%	\$340	\$38	12%
6	\$336	\$265	-\$71	-21%	\$304	\$39	15%	\$340	\$36	12%	\$381	\$41	12%
7	\$357	\$293	-\$64	-18%	\$330	\$43	15%	\$376	\$40	12%	\$421	\$45	12%
8	\$378	\$321	-\$57	-15%	\$369	\$48	15%	\$413	\$44	12%	\$463	\$50	12%
9	\$399	\$349	-\$50	-13%	\$401	\$52	15%	\$449	\$48	12%	\$503	\$54	12%
10	\$420	\$377	-\$43	-10%	\$433	\$56	15%	\$484	\$51	12%	\$542	\$58	12%
11	\$441	\$419	-\$22	-5%	\$461	\$62	15%	\$538	\$57	12%	\$603	\$65	12%
12	\$462	\$461	-\$1	0%	\$530	\$69	15%	\$593	\$63	12%	\$664	\$71	12%
13	\$483	\$503	\$20	4%	\$578	\$75	15%	\$647	\$68	12%	\$725	\$78	12%
14	\$504	\$545	\$41	8%	\$628	\$81	15%	\$701	\$75	12%	\$785	\$84	12%
15	\$525	\$587	\$62	12%	\$675	\$88	15%	\$758	\$81	12%	\$847	\$91	12%
16	\$546	\$628	\$83	15%	\$723	\$94	15%	\$809	\$86	12%	\$906	\$97	12%
17	\$567	\$671	\$104	18%	\$771	\$100	15%	\$863	\$92	12%	\$967	\$104	12%
18	\$588	\$713	\$125	21%	\$819	\$106	15%	\$917	\$98	12%	\$1,027	\$110	12%
19	\$609	\$755	\$146	24%	\$868	\$113	15%	\$972	\$104	12%	\$1,089	\$117	12%
20	\$630	\$804	\$174	28%	\$924	\$120	15%	\$1,034	\$110	12%	\$1,158	\$124	12%
21	\$651	\$853	\$202	31%	\$980	\$127	15%	\$1,087	\$117	12%	\$1,229	\$132	12%
22	\$672	\$902	\$230	34%	\$1,037	\$135	15%	\$1,161	\$124	12%	\$1,300	\$139	12%

Note: All regulated businesses pay routine fees plus the base fee annually. Routine fees listed in these charts do not include the base fee.

The total Quantity Group number is an indicator of the amount of hazardous materials present in the facility.

Total Quantity Group 1	CURRENT FEE	YEAR 1	AMOUNT OF CHANGE	% CHANGE	YEAR 2	AMOUNT OF CHANGE	% CHANGE	YEAR 3	AMOUNT OF CHANGE	% CHANGE	YEAR 4	AMOUNT OF CHANGE	% CHANGE
23	\$693	\$951	\$258	37%	\$1,093	\$142	15%	\$1,224	\$131	12%	\$1,371	\$147	12%
24	\$714	\$1,000	\$286	40%	\$1,150	\$150	15%	\$1,288	\$138	12%	\$1,443	\$155	12%
25	\$735	\$1,049	\$314	43%	\$1,208	\$157	15%	\$1,350	\$144	12%	\$1,512	\$162	12%
26	\$758	\$1,098	\$342	45%	\$1,262	\$164	15%	\$1,413	\$151	12%	\$1,583	\$170	12%
27	\$777	\$1,147	\$370	48%	\$1,319	\$172	15%	\$1,477	\$158	12%	\$1,654	\$177	12%
28	\$798	\$1,203	\$405	51%	\$1,383	\$180	15%	\$1,548	\$165	12%	\$1,734	\$186	12%
29	\$819	\$1,259	\$440	54%	\$1,447	\$188	15%	\$1,620	\$173	12%	\$1,814	\$194	12%
30	\$840	\$1,315	\$475	57%	\$1,512	\$197	15%	\$1,693	\$181	12%	\$1,886	\$203	12%
31	\$861	\$1,371	\$510	59%	\$1,578	\$205	15%	\$1,765	\$189	12%	\$1,977	\$212	12%
32	\$882	\$1,427	\$545	62%	\$1,641	\$214	15%	\$1,837	\$196	12%	\$2,057	\$220	12%
33	\$903	\$1,483	\$580	64%	\$1,705	\$222	15%	\$1,909	\$204	12%	\$2,138	\$228	12%
34	\$924	\$1,539	\$615	67%	\$1,769	\$230	15%	\$1,981	\$212	12%	\$2,219	\$238	12%
35	\$945	\$1,595	\$650	69%	\$1,834	\$239	15%	\$2,054	\$220	12%	\$2,300	\$240	12%
36	\$966	\$1,651	\$685	71%	\$1,898	\$247	15%	\$2,125	\$227	12%	\$2,380	\$255	12%
37	\$987	\$1,707	\$720	73%	\$1,963	\$256	15%	\$2,198	\$235	12%	\$2,462	\$264	12%
38	\$1,008	\$1,763	\$755	75%	\$2,027	\$264	15%	\$2,270	\$243	12%	\$2,542	\$272	12%
39	\$1,029	\$1,805	\$776	75%	\$2,075	\$270	15%	\$2,324	\$249	12%	\$2,603	\$279	12%
40	\$1,050	\$1,847	\$797	76%	\$2,124	\$277	15%	\$2,378	\$254	12%	\$2,663	\$285	12%
41	\$1,071	\$1,889	\$818	76%	\$2,172	\$283	15%	\$2,432	\$260	12%	\$2,724	\$282	12%
42	\$1,092	\$1,931	\$839	77%	\$2,220	\$289	15%	\$2,485	\$265	12%	\$2,793	\$308	12%
43	\$1,113	\$1,959	\$846	76%	\$2,252	\$293	15%	\$2,522	\$270	12%	\$2,825	\$303	12%
44	\$1,134	\$1,987	\$853	75%	\$2,285	\$298	15%	\$2,559	\$274	12%	\$2,866	\$307	12%
45	\$1,155	\$2,015	\$860	74%	\$2,317	\$302	15%	\$2,595	\$278	12%	\$2,906	\$311	12%

Note: All regulated businesses pay routine fees plus the base fee annually. Routine fees listed in these charts do not include the base fee.

The total Quantity Group number is an indicator of the amount of hazardous materials present in a facility.

ROUTINE UNDERGROUND STORAGE TANK PERMIT FEES

# USTs	CURRENT FEE	YEAR 1	AMOUNT OF CHANGE	% CHANGE	YEAR 2	AMOUNT OF CHANGE	% CHANGE	YEAR 3	AMOUNT OF CHANGE	% CHANGE	YEAR 4	AMOUNT OF CHANGE	% CHANGE
1	\$170	\$98	-\$72	-42%	\$112	\$14	14%	\$125	\$13	12%	\$135	\$10	8%
2	\$170	\$186	\$26	15%	\$224	\$28	14%	\$250	\$26	12%	\$270	\$20	8%
3	\$255	\$294	\$39	15%	\$338	\$42	14%	\$375	\$39	12%	\$405	\$30	8%
Each Additional	\$85	\$98	\$13	15%	\$112	\$14	14%	\$125	\$13	12%	\$135	\$10	8%

ROUTINE REGULATED SUBSTANCE FEES

Name of Fee	CURRENT FEE	YEAR 1	AMOUNT OF CHANGE	% CHANGE	YEAR 2	AMOUNT OF CHANGE	% CHANGE	YEAR 3	AMOUNT OF CHANGE	% CHANGE	YEAR 4	AMOUNT OF CHANGE	% CHANGE
RMP Review Prg 1	\$595	\$685	\$90	15%	\$788	\$103	15%	\$882	\$94	12%	\$988	\$106	12%
RMP Review Prg 2/3	\$3,500	\$4,025	\$525	15%	\$4,629	604	15%	\$5,184	\$555	12%	\$5,806	\$622	12%
Annual Fee Prg 1	\$85	\$98	\$13	15%	\$112	14	14%	\$125	\$13	12%	\$140	\$15	12%
Annual Fee Prg 2/3	\$170	\$198	\$28	15%	\$224	28	14%	\$250	\$26	12%	\$280	\$30	12%

Note: All regulated businesses pay routine fees plus the base fee annually. Routine fees listed in these charts do not include the base fee.

ROUTINE HAZARDOUS WASTE GENERATOR FEES

Name of Fee	CURRENT FEE	YEAR 1	AMOUNT OF CHANGE	% CHANGE	YEAR 2	AMOUNT OF CHANGE	% CHANGE	YEAR 3	AMOUNT OF CHANGE	% CHANGE	YEAR 4	AMOUNT OF CHANGE	% CHANGE
Minimal Quantity Generator	\$30	\$49	\$19	63%	\$56	\$7	14%	\$63	\$7	13%	\$68	\$5	8%
> 0 - 5 TONS, other than MQG	\$142	\$176	\$34	24%	\$202	\$26	15%	\$226	\$24	12%	\$253	\$27	12%
5-25 TONS	\$425	\$356	-\$69	-16%	\$409	\$53	15%	\$458	\$49	12%	\$527	\$69	15%
25-50 TONS	\$510	\$511	\$1	0%	\$587	\$76	15%	\$657	\$70	12%	\$736	\$79	12%
50-250 TONS	\$595	\$715	\$120	20%	\$822	\$107	15%	\$920	\$98	12%	\$1,056	\$136	15%
250-600 TONS	\$680	\$1,016	\$336	49%	\$1,168	\$152	15%	\$1,308	\$140	12%	\$1,485	\$157	12%
600-1000 TONS	\$765	\$1,422	\$657	86%	\$1,835	\$213	15%	\$1,831	\$199	12%	\$2,051	\$220	12%
1000-2000 TONS	\$850	\$2,082	\$1,212	143%	\$2,371	\$309	15%	\$2,655	\$284	12%	\$2,974	\$319	12%
2000+ TONS	\$935	\$2,887	\$1,952	209%	\$3,320	\$433	15%	\$3,718	\$398	12%	\$4,104	\$440	12%

ROUTINE TIERED PERMITTING FEES

Name of Fee	CURRENT FEE	YEAR 1	AMOUNT OF CHANGE	% CHANGE	YEAR 2	AMOUNT OF CHANGE	% CHANGE	YEAR 3	AMOUNT OF CHANGE	% CHANGE	YEAR 4	AMOUNT OF CHANGE	% CHANGE
Cond. Exempt	\$30	\$64	\$34	113%	\$73	\$9	14%	\$81	\$8	11%	\$91	\$10	12%
Cond. Authorized	\$280	\$122	-\$158	-56%	\$140	\$18	15%	\$158	\$18	11%	\$175	\$19	12%
Permit by Rule	\$425	\$399	-\$26	-6%	\$458	\$59	15%	\$512	\$54	12%	\$574	\$62	12%

Note: All regulated businesses pay routine fees plus the base fee annually. Routine fees listed in these charts do not include the base fee.

MISCELLANEOUS OTHER FEES

Name of Fee	CURRENT FEE	YEAR 1	AMOUNT OF CHANGE	% CHANGE	YEAR 2	AMOUNT OF CHANGE	% CHANGE	YEAR 3	AMOUNT OF CHANGE	% CHANGE	YEAR 4	AMOUNT OF CHANGE	% CHANGE
Application fee for UST Removal, etc.	\$443	\$517	\$75	17%	\$573	\$56	11%	\$625	\$52	9%	\$685	\$60	10%
Fee established pursuant to section 106.10 of Fire Code													
Fire Dept Inspection Fee/ hour	\$62.50	\$62.50											
Inspection fee/hour (business hours)	\$85	\$98	\$13	15%	\$112	\$14	14%	\$125	\$13	12%	\$140	\$15	12%
Inspection fee/hour (Sat., Sun., evening)	\$127.50	\$147	\$19.50	15%	\$168	\$21	14%	\$187.50	\$19.50	12%	\$210	\$22.50	12%
Final review by Department of City Planning	\$40	\$46	\$6	15%	\$53	\$7	15%	\$59	\$6	11%	\$68	\$7	12%
Design plan processing fee and up to three hours of plan review	\$255	\$294	\$39	15%	\$338	\$44	15%	\$379	\$41	12%	\$424	\$45	12%
Design plan review exceeding three hours, per hour	\$85	\$88	\$3	15%	\$112	\$14	14%	\$125	\$13	12%	\$140	\$15	12%
Consult. fee, per hour	\$85	\$88	\$3	15%	\$112	\$14	14%	\$125	\$13	12%	\$140	\$15	12%
Inspector's fee/ing	\$125	\$144	\$19	15%	\$168	\$22	15%	\$195	\$27	11%	\$220	\$25	12%
Site Insect (max)	\$510	\$587	\$77	15%	\$675	\$88	15%	\$787.50	\$112.50	12%	\$900	\$112.50	12%
Failure to timely obtain a Cert. of Registration, etc	\$210	\$242	\$32	15%	\$278	\$36	15%	\$311	\$33	12%	\$348	\$37	12%
Failure to timely register a temporary storage facility	\$85	\$98	\$13	15%	\$112	\$14	14%	\$125	\$13	12%	\$135	\$10	8%
Failure to obtain approval to modify, repair, close or remove an UST.	\$500	\$587	\$87	17%	\$675	\$88	15%	\$787.50	\$112.50	12%	\$900	\$112.50	12%
Failure to schedule a site inspection prior to the modification, repair, closure or removal of an UST.	\$250	\$294	\$44	18%	\$338	\$44	15%	\$379	\$41	12%	\$424	\$45	12%

Note: All regulated businesses pay routine fees plus the base fee annually. Routine fees listed in these charts do not include the base fee.

Item 2 - File 99-0785

Department: Airport

Item: Ordinance appropriating \$143,500,000 for renovation of the Airport's North Terminal, expansion of the International Terminal's retail concession facilities, construction of a new International Terminal public parking facility, construction of a new public aviation archive/museum in the new International Terminal, and related costs; placing \$143,500,000 on reserve.

Amount: \$143,500,000

Source of Funds: San Francisco International Airport Second Series Revenue Bonds

Description: In March 1999, the Board of Supervisors approved a resolution (File 99-206) authorizing the issuance of up to \$165,000,000 in San Francisco International Airport Second Series Revenue Bonds for the purpose of financing or refinancing certain infrastructure improvements at San Francisco International Airport. The proposed ordinance would appropriate \$143,500,000 in such Airport Revenue Bond Fund monies for the following projects:

Renovation of the North Terminal, Phase 1 (\$40,500,000)

Ceiling, lighting, sprinkler and seismic upgrades would be performed. In addition, concession space for retail shops, including food and beverage facilities, would be expanded by 12,000 square feet, from 39,000 square feet to 51,000 square feet. Office space available for rental by airlines would also be increased by 44,000 square feet, from 367,500 square feet to 411,500 square feet.

Expansion of International Terminal Concession Facilities (\$41,600,000)

This project would increase concession space for retail shops, including food and beverage facilities, in the new International Terminal by 50,000 square feet, from 83,000 square feet to 133,000 square feet. Mr. Kevin Kone of the Airport advises that this project is a change to the original design of the International Terminal which called for 83,000

May 19, 1999 Finance and Labor Committee Meeting

square feet of concession space. Therefore, the requested funds are required to make these modifications.

Construction of a New International Terminal
Parking Garage (\$37,500,000)

This project is to add a parking facility with approximately 1,437 new public parking spaces adjacent to the new International Terminal.

Construction of a Public Aviation Archive/Museum
(\$4,000,000)

This project is to construct a new public aviation archive/museum in the new International Terminal at the Airport. The proposed space will contain a research library with over 15,000 airport and aviation related volumes available to the public as well as a two-level 8,500 square foot museum that will display model airplanes and archive materials.

The Attachment, provided by the Airport, provides additional details about the four projects described above.

Budget:

A summary budget for the requested appropriation of \$143,500,000 is as follows.

North Terminal Renovation, Phase 1	\$40,500,000
International Terminal Concession Facilities	41,600,000
North International Terminal Parking Garage	37,500,000
Aviation Archive/Museum	<u>4,000,000</u>
Total Project Costs	\$123,600,000
Contingency (1.1 percent)	1,400,000
Capitalized Interest Fund	18,000,000
Issuance Costs	<u>500,000</u>
Total	\$143,500,000

Comments:

1. Mr. Kone advises that the contract for the Expansion of the International Terminal Concession Facilities (\$41,600,000) and the contract for the new International Terminal Parking Garage (\$37,500,000) have been competitively bid and were awarded to Tutor Saliba, the low bidder for both projects. Mr. Kone, contractors for the North Terminal Renovation and Aviation Archive/ Museum projects have not yet been selected and that the contracts for both of these projects will be awarded on a competitive basis.

BOARD OF SUPERVISORS
BUDGET ANALYST

2. The proposed ordinance would place the entire requested amount of \$143,500,000 on reserve subject to subsequent release by the Finance and Labor Committee pending the receipt of the 1999 San Francisco International Airport Second Series Revenue Bond proceeds and the certification of the availability of funds by the Controller. Mr. Kone advises that additional contractor information and budget details will be provided to the Board of Supervisors prior to the release of the requested funds.

Recommendation: Approve the proposed ordinance.

Airport
Commission
City and County
of San Francisco
Willie L. Brown, Jr.
Mayor

Henry E. Berman
President

Larry Mazzola
Vice President

Michael S. Strunsky
Linda S. Clayton
Caryl To

JOHN L. MARTIN
Airport Director



VIA FAX

May 14, 1999

Ms. Monique DeJong, Budget Analyst
Board of Supervisors
1390 Market Street, Suite 1025
San Francisco, CA 94102

Dear Ms. DeJong:

Below you will find the project description that you requested for the Airport's \$165 Million Infrastructure Bond Supplemental Appropriation request.

North Terminal Renovation Project

The North Terminal, completed in 1979, is in need of a partial renovation in order to meet certain safety and security requirements, provide better service to the customer and accommodate business development growth.

The North Terminal facility does not meet the same safety and security standards that exist in other terminals. The installation of a sprinkler system, seismic retrofit of the utilities system and the fireproofing of certain areas are required in order to upgrade the facility's safety and security components. Also, from a customer convenience and aesthetic point of view, the lighting and ceiling systems need to be upgraded along with a number of other enhancements.

In addition to safety, security and customer convenience, the Concession/Service Program in the North Terminal is significantly undersized and, therefore, unable to provide the level of access and service for the volume of people who use this terminal. Similar to the existing International Terminal's very high concession sales per square foot and sales per enplaned passenger, the North Terminal's sales statistics indicate that the Airport may be losing or foregoing sales and revenues from its concession program due to saturated levels. From an operational perspective, the terminal also lacks suitable office and support space for usage by the airlines and other tenants.

Monique DeJong
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International Terminal Concession Plan

The Airport has analyzed the base or Existing Plan for the concession program in the new International Terminal Building (ITB) and forecasts that the concession space will not adequately support the forecasted amount of international passenger traffic. The analysis indicates that within three years of opening, the concession space, on a per passenger basis, will approach the levels of saturation currently experienced in the existing International Terminal. There is also the strong probability that the Airport is losing or foregoing sales and revenues from its concession program due to saturated levels during peak periods in the existing International Terminal. This is evidenced by the extremely high sales per enplaned passenger, one of the highest of any single terminal in the U.S., as well as higher than normal concession sales per square foot. In addition, the sight lines and layout of the Existing Plan do not integrate properly with the relative geometry of the building and passenger flow patterns thereby reducing the effectiveness of the concession space.

In order to optimize concession revenues and customer service in the ITB, the Airport is proposing an Alternate Plan to develop space on the east wall of the ITB for retail concessions and reconfigure certain portions of the ITB and connectors to the Boarding Areas. This plan will increase planned concession space by 60% from 83,000 square feet to 133,000 square feet. Given the very favorable sales and revenues currently being achieved in the existing International Terminal and the forecast rate of international passenger growth, constructing adequate concession space during the current development phase will be required to optimize revenue potential in the ITB. Concession space planning and revenue analysis is provided in the Analysis of Incremental Sales and Revenue Alternative Concession Plan prepared by Leigh Fisher Associates.

The Alternate Plan includes the build out of the east wall of the ITB and other modifications to increase concession space from 83,000 square feet to 133,000 square feet. The build out envisioned in the Alternate Plan will not affect the operational effectiveness of the ITB. Nor will it affect the scheduled opening of the ITB. The project scope and costs are included in the Concessions Revision Study.

The new concession space will be allocated among duty free, food and beverage, retail merchandise, services and storage. Based on retail industry conditions, the Airport will focus on high quality specialty retail concessions. Depending on passenger growth and market conditions, storage space will be made available for retail concession usage at the time of the ITB opening or within the first five years of operation in order to maximum revenues.

Monique DeJong
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May 14, 1999

North International Terminal Garage

The North International Parking Garage is a nine-level concrete structure. This structure will provide parking spaces for 1,437 automobiles. This project also includes on grade surface parking and landscaping adjacent to the structure. This structure is adjacent to the Concourse H/BART Station.

Aviation library and the L.A. Turpin Museum

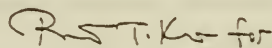
The Aviation Library Museum will be a self-contained building within the International Terminal. It is a replication of the 1937 passenger terminal.

A research library consisting of rare books and an archive. The library itself will house 15,000 volumes in a secured space. Additionally there will be a work area for staff consisting of a book processing area and computer workstations.

A museum consisting of galleries in defined wall areas that can be named for donors. Display cases for models and archival museum material. Within the bi-level, 8,500 square foot museum, staff will have the ability to hang airplane models from the ceiling. Certain museum exhibitions will be visible from the terminal concourse area.

If you have any further questions, please call Kevin Kone of my staff at 650-373-2887.

Very truly yours,



Marcus Petro
Executive Financial Officer

Item 3 - File 99-0917

Department: Airport

Item: Ordinance appropriating \$57,111,485 to partially fund three Airport capital improvement projects, including (1) design and construction of the Concourse H/AirTrain Station; (2) construction of a new West Field Detention Basin; and (3) the Taxiway "C" Overlay Project.

Amount: \$57,111,485

Source of Funds: Various Airport Bond Fund Balances (a list of the 32 Airport bond funds and the amount to be appropriated from each appears on the ordinance).

Description: The proposed ordinance would appropriate \$57,111,485 in interest earned on various Airport bond fund monies (a list of the 32 Airport bond funds and the amount to be appropriated from each appears on the ordinance) to partially fund the following projects: (1) design and construction of the Concourse H/AirTrain Station; (2) construction of a new West Field Detention Basin; and (3) the Taxiway "C" Overlay Project. A description of each of these projects, provided by the Airport, is shown on Attachment I.

Budget: The requested appropriation of \$57,111,485 would partially fund the three Airport projects. The Table below is a summary budget for each of the projects, showing the total amount of each project, the amount to be funded by the subject supplemental appropriation and the remaining balance.

<u>Project</u>	<u>Total Project Costs</u>	<u>Amount Previously Appropriated</u>	<u>Amount to Be Funded By This Supplemental Appropriation</u>	<u>Balance to be Funded With a Future Supplemental Appropriation of Airport Bond Fund Interest Earnings*</u>
Concourse H/AirTrain Station	\$114,365,500	\$52,451,462	\$48,103,092	\$13,810,946
West Field Detention Basin	8,637,505	0	7,644,199	993,306
Taxiway "C" Overlay	<u>5,144,349</u>	<u>3,602,888</u>	<u>1,364,194</u>	<u>177,267</u>
Total	\$128,147,354	\$56,054,350	\$57,111,485	\$14,981,519

* Subject to separate appropriation approval by the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

As shown in the Table above, the total project costs for the three projects is \$128,147,354. Of that amount, \$56,054,350 has been previously appropriated, \$57,111,485 would be funded by the subject supplemental appropriation of Airport bond fund interest earnings and \$14,981,519 would be funded through a future supplemental appropriation of Airport bond fund interest earnings, subject to separate approval by the Board of Supervisors. According to Mr. Kevin Kone of the Airport, currently there is a total balance of \$57,111,485 in Airport bond fund interest earnings. However, the Airport projects that an additional amount of bond fund interest earnings will be generated in excess of the \$14,981,519 needed to complete the funding of the projects. Mr. Kone states that once the remaining \$14,981,519 in projected interest earnings have been earned, the Airport will submit a supplemental appropriation request for these funds, subject to separate approval by the Board of Supervisors.

Comment: Attachment II, provided by the Airport, is a list of contractors and subcontractors for each of the projects. Mr. Kone reports that the three projects were competitively bid and in each case the low bidder was selected.

Recommendation: Approve the proposed ordinance.

San Francisco International Airport
Projects to be funded from Interest Income
February 9, 1999

Project 5670A-Concourse H/AirTrain Station

This project consists of the design and construction of station facilities to accommodate Bay Area Rapid Transit (BART). It will also provide a direct link from BART to the AirTrain System and the new International Terminal.

Project 3487 -West Field Detention Basin

This Project will construct a new underground West Field Drainage Detention Basin to replace the existing West Field Detention Pond. This Project is required to provide more storage capacity to provide more storage capacity to meet the State of California storm water requirements.

Project 3192B-Taxiway "C" Overlay

This Project will provide asphalt overlay to smooth and level the pavement surface of Taxiway "C" and the necessary adjustments to the existing lighting system. The work comprises of extending Taxiway "C" to Taxiway "S", overlaying Taxiway "P" at Runway 28R, paving parking lot for equipment storage, construction of a new drainage systems and 48 inch drainline, construction of 20 inch sewer main, construction of 36 in jet fuel line casings, construction of electrical duct banks and construction of electrical taxiway lighting systems.

CT5670-A H / Air Train Station:

Contract Awarded to Tutor Saliba

Total cost - \$114,365,500

MBE - 33.3% (\$38,106,464)

WBE - 1.1% (\$1,309,000)

Original Goals: 18% MBE, 3% WBE

Start: February 19, 1998

End: March 2000

Sub-Contractors:

LTM Construction - Form-work (MBE, \$3,960,000)
Rios Grading - Excavation (MBE, \$1,060,000)
San Luis Gonzaga - Mechanical (MBE, \$2,445,000)
Scott Norman - Fire Protection (MBE, \$2,190,000)
WSB & Associates - Security (MBE, \$67,000)
Cresci Electric - Supplier (WBE, \$300,000)
Miller Thompson Construction - Utilities (WBE, \$385,000)
Phoenix Painting Co. - Painting (WBE, \$624,000)
Martinez Steel - Rebar (MBE®, \$5,025,464)
Regional Steel - Steel-Reinforcing (MBE®, \$15,229,000)
Accu-crete, Inc. - Concrete (MBE®, \$8,130,000)
Amelco Electric - Electrical (\$5,165,000)
Craneveyor - Railing (\$1,500,000)
Custom Enclosures - (\$1,732,000)
Foundations Constructors - Piles (\$8,900,000)
George Family Enterprise - Acoustical (\$2,300,000)
Model Glass - (\$4,225,000)
Pierce Enterprise - Plastic, Drywall (\$4,100,000)
Sure Forming System - Form-work (\$1,400,000)
Willis Corporation - Precast (\$1,590,000)

NOTE: ® - (Registered firm) - Minority firm based outside of San Francisco.

RMJ,DOC

CT3192.B (FAA) Taxiway "C" Extension & Taxiway "P" Overlay Utilities Construction:

Contract awarded to Pavex Construction Co.

Total Cost- \$ 5,144,349
DBE - 46.6% (\$2,397,416)
Original DBE Goal: 20%

Start: January 1998
End: Estimated completion date: December 1998

Sub-Contractors:

Airport Paving Marking - Striping (DBE, \$51,850)
JMB Construction - Underground (DBE, \$1,389,000)
Carefree Greens - Hydro-seeding (DBE®, \$3,000)
J. Cannon Engineering - Electrical (DBE®, \$934,000)
Central Fence Co. - Fencing - (DBE, \$19,566)
Anrak Corporation - Grinding (\$36,000)
Advance Environmental Systems - Hazardous Materials (\$113,960)

FAA Project- M/WBEs Identified as DBEs (Disadvantaged Business Enterprises)

CT3487 West Field Detention Basin:

Contract awarded to Dennis J. Amoroso/Trico WBE (JV)

Total Cost - \$8,637,505
MBE - 27.4% (\$2,370,000)
WBE - 51% (\$4,405,127) - Joint Venture Partner
Original Goals: 18% MBE, 7% WBE

Start: July 1997
End: August 1999

Sub-Contractors:

Transamerican Eng. & Assoc.- Earthwork, Utilities (MBE, \$1,800,000)
Coast Geoconstructors - Shoring (MBE, \$270,000)
Barri Electric - Electrical (MBE, \$300,000)
Dolan - Concrete (\$120,000)
RPM - Rebar (\$811,000)
CFCC - Horizontal Form-work (\$700,000)

Item 4 - File 99-0798

- Department:** Building Inspection Commission (BIC)
Department of Building Inspection (DBI)
- Item:** Ordinance amending Part I of the San Francisco Municipal Code (Administrative Code) by adding Chapter 77 thereto and amending Part II, Chapter I of the San Francisco Municipal Code (Building Code) by adding Section 105.8 thereto to implement the Charter-mandated appellate authority of the Building Inspection Commission, to provide that appeals heard by the former Abatement Appeals Board shall be heard by the Building Inspection Commission, and to authorize an exemption from or refund of appeal fees under specified circumstances; amending Table I-K of the Building Code to establish Building Inspection Commission appeal fees.
- Description:** According to Mr. Frank Chiu of the Department of Building Inspection (DBI), this proposed ordinance would establish new fees for appeals to be heard by the BIC which was established by Proposition G in 1995. Mr. Chiu explains that the BIC hears appeals on all (1) decisions and determinations regarding permit applications under the Building, Housing, Electrical, Mechanical and Plumbing Codes, (2) decisions or determinations by the Department of Building Inspection (DBI) in the enforcement of the Building, Housing, Electrical, Mechanical and Plumbing Codes, (3) decisions or determinations made by the Department of Public Works (DPW) on sidewalk and encroachment permits and other matters necessary for the completion of occupancy of structures, (4) decisions by the Water Department (WD) necessary for the completion of structures, (5) failure of DBI, DPW, WD to render a written decision or determination within fifteen days of a request from a member of the public to do so. Mr. Chiu further explains that the above-listed appeal rights did not exist prior to the passage of Proposition G and the resulting creation of the BIC.
- Ms. Maria Banico of Building Inspection Commission clarifies that although the BIC was established in 1995, the DBI had not previously requested that the appeals fees be established. Ms. Banico reports that the proposed fees for the appeals to be heard by the BIC are as follows:

BUILDING INSPECTION COMMISSION HEARING FEES:

Notice of Appeal	\$100
Request for Jurisdiction	\$100
Request for Rehearing	\$100

Ms. Banico explains that one appellant may be required to pay one or all the proposed fees depending on the nature of the appeal. According to Ms. Banico, the BIC has heard one appeal in FY 1998-99 and five appeals in FY 1997-98 for which no fees were charged because the authority to collect fees for these appeals was never requested by the DBI. Ms. Banico estimates that BIC will receive between \$200 and \$500 in annual revenues from the proposed new fees based on two to five appeals annually.

Comment: According to Ms. Banico, although the proposed fees do not cover the BIC's and DBI's costs for an appeal process, Ms. Banico states that the proposed fees reflect the BIC's desire to make the appeal process affordable while also discouraging the submittal of spurious appeals.

Recommendation: Approval of the proposed ordinance is a policy decision for the Board of Supervisors.

Item 5 - File 99-0809

Department: Department of Administrative Services (DAS)
Department of Real Estate

Item: Request for release of \$556,280 of reserved funds to defray expenses related to the reuse of leased space at 875 Stevenson Street.

Amount: \$556,280

Source of Funds: \$91,400 Public Utilities Commission Supplemental Appropriation, Water, Hetch Hetchy and Clean Water Fund balances (Reserved by the Finance and Labor Committee at its meeting of April 21, 1999 – File 99-0245)

464,880 Department of Administrative Services Fiscal Year 1998-99 Budget, General Fund

\$556,280 Total

Description: The Board of Supervisors approved a lease for a total of approximately 150,000 square feet of space on five floors at the 875 Stevenson Street facility in 1994. This lease, through the Real Estate Department, which was amended in 1996, extends until November of 2002 with three different options to further extend the lease from six months to 7.5 additional years (through May of 2010) with the rent to be adjusted to 95 percent of the then prevailing market rental rates. Mr. Steve Legnitto of the Department of Real Estate reports that the current lease costs, without utilities, janitorial and security services are approximately \$1.33 per square foot per month, or \$16 per square foot per year at 875 Stevenson Street.

The requested \$556,280 release of reserve would be used to fund construction renovations for 42,955 rentable square feet of space, leased by the City at 875 Stevenson Street from the General Fund for four City departments, including the Public

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Administrator/Public Guardian (PA/PG), the Controller's Payroll and Personnel Services Division (PAPG), the Municipal Railway (MUNI) and the Assessor.

According to Mr. Tony DeLucchi of the Real Estate Department, now that various City departments have moved from 875 Stevenson Street to the renovated City Hall, the Real Estate Department is backfilling the vacated space at the 875 Stevenson Street facility, with the concurrence of the City Hall Policy Committee. Mr. DeLucchi reports that the City Hall Policy Committee, which is comprised of representatives from the Controller's Office, Treasurer's Office, Department of Administrative Services, Mayor's Office, Department of Public Works and other City staff representatives, have been meeting for over a year to provide direction and reuse of City Hall and the surrounding office space in the Civic Center. Mr. Legnitto reports that the reuse of the 875 Stevenson Street by the four General Fund City departments does not represent a new lease for the City.

Under the proposed renovation of 875 Stevenson Street, the four General Fund City departments would relocate into this facility, from their current locations, as summarized in Attachment 1. Mr. Legnitto reports that the Assessor's staff, currently located on the third floor of 875 Stevenson Street would be relocated to the ground floor of 875 Stevenson Street in order to consolidate the Assessor and Recorder functions on the first floor and to provide the entire third floor for use by the PUC. The Controller's PPSD staff is currently located in leased facilities at 160 South Van Ness. According to Mr. Legnitto, the lease on the facilities at 160 South Van Ness expires on June 30, 1999 and an extension of this lease is currently being renegotiated by the Real Estate Department for use by the Department of Human Services (DHS) for their new hires and to relocate staff from other DHS work sites (See Item 7, File 99-0856 of this report to the Finance and Labor Committee).

The space currently occupied by the Public Administrator-Guardian, which is located at 25 Van Ness Avenue, a City-owned building, would be occupied by the Department of Parking and Traffic (DPT) for their new Traffic Control Center and for their relocated Residential Permit Parking Program, which is currently located in the Performing Arts Garage. Mr. Legnitto notes that the approval of the lease expansion for DPT to move into the space vacated by the Public Administrator-Guardian is not subject to the Board of Supervisors approval, except for the budgetary authorization, because the City owns 25 Van Ness and it is simply a reuse of the existing space.

Mr. Jim Nelson of MUNI reports that under the proposed move, the MUNI Management Information System (MIS) Division, which has a total of approximately ten staff located at various locations throughout the City, would be consolidated in the Civic Center area at 875 Stevenson Street. Mr. Nelson reports that the vacated space will likely be absorbed by other MUNI staff throughout the City. In addition, Mr. Nelson notes that MUNI Security, which currently has approximately five staff and is currently located at 1345 Turk Street, a City-owned facility, would be expanded to approximately 20 staff and relocated to 875 Stevenson Street. Mr. Nelson reports that the freed up space by MUNI at 1345 Turk Street will be used by the Art Commission, as part of a redevelopment project. Mr. Phil Chin of MUNI Security reports that MUNI's Security staff, under three programs (1) MUNI Transit Assistance, (2) Video Surveillance and (3) Proof of Payment, was authorized for the proposed increase of approximately 15 positions in the current FY 1998-99 budget.

The following chart compares the current square footage and rents with the proposed square footage and rents at 875 Stevenson Street for the four General Fund departments.

<u>875 Stevenson Street</u>					
<u>Annual</u>					
<u>Department</u>	<u>Current Square Footage</u>	<u>Current Annual Rent</u>	<u>Cost Per Sq. Ft.</u>	<u>Proposed Square Footage</u>	<u>Proposed Annual Rent***</u>
PPSD	15,000	\$180,000	\$16	12,543	\$200,688
PAPG	9,521	152,405	16	13,223	211,568
MUNI	3,000	0**	16	7,765	124,240
Assessor	<u>10.791*</u>	<u>258.976</u>	16	<u>9.424</u>	<u>150.784</u>
Total	38,312	\$591,381		42,955	\$687,280

*Assumes approximately 2/3 of 16,186 square feet of space actually currently being used by Assessor staff that were not moved to City Hall.

**Assumes no rent because MUNI currently occupies only City-owned space and does not pay rent for such space.

***Actual costs for these four General Fund departments will total approximately \$917,519, an additional \$230,239, due to the utility, janitorial and security costs at 875 Stevenson Street.

Budget:

Attachment 2, provided by Mr. Steve Nelson of the Department of Administrative Services identifies the construction costs for the Controller's Payroll and Personnel Services Division (PPSD), the Public Administrator/Public Guardian (PAPG) and the Municipal Railway (MUNI). As shown in Attachment 2, the estimated construction cost for renovation of 875 Stevenson Street for these three departments is \$711,315. However, based on the use of Department salary, capital project and operational savings of \$146,435 from PPSSD and \$100,000 from PAPG, for total departmental savings of \$246,435 (See Comment No. 1 for additional details), the Department of Administrative Services is now requesting \$464,880 (\$711.315 less \$246.435) for construction costs, which is the amount of the subject release of reserve from the Department of Administration's FY 1998-99 budget for the Controller, the Public Administrator/Public Guardian and MUNI.

An additional \$91,400 is being requested as part of this release of reserve for use by the Assessor's Office in relocating within 875 Stevenson Street. These funds were recently appropriated by the Board of Supervisors under a separate PUC supplemental (File 99-0245), but reserved by the Finance and Labor Committee. Attachment 3, provided by the Real Estate Department, identifies the cost breakdown of the \$91,400 for the Assessor's Office. Although the Assessor's Office is a General Fund department, the proposed source of funding would be from the PUC, instead of the General Fund because, according to Mr. Ben Rosenfield of the Mayor's Office, the Assessor would not be required to move, except for the fact that PUC is requesting the use of the entire third floor at 875 Stevenson Street where the Assessor is currently located.

In addition to this subject request of \$464,880 plus \$246,435 of General Fund FY 1998-99 departmental savings, as shown in Attachment 2, the Department of Administrative Services estimates an additional cost of \$616,709 for the furnishings, moving expenses, telecommunications, public improvements, design, project management and indirect costs and fees. Attachment 4, provided by Mr. Nelson identifies the funding sources for this additional \$616,709.

Therefore, the actual total estimated costs for the General Fund portion of the renovations and related furniture and other costs to 875 Stevenson Street is \$1,328,024 (\$464,880 plus \$246,435 plus \$616,709). The Budget Analyst notes that this General Fund total cost of \$1,328,024 is in addition to the \$1,212,310 recently approved and released by the Board of Supervisors for the Public Utilities Commission (PUC) to renovate space at 875 Stevenson Street. The subject release of \$556,280 includes \$91,400 for the General Fund Assessor's costs related to 875 Stevenson Street, that will be paid for from the previously approved PUC funding sources.

Comments:

1. Mr. Rosenfield reports that the \$146,435 of PPSD department savings indicated on Attachment 2 are a result of approximately \$106,435 of salary savings and approximately \$40,000 from an old capital account which is being closed out in the Controller's Office for PPSD. In addition, the \$100,000 of PAPG department savings represents approximately \$75,000 from salary savings and \$25,000 from operational savings, such as material and supplies accounts. The Budget Analyst notes that these total General Fund savings of \$246,435, as reflected in Attachment 2, which are being used as a funding source for the subject renovations would otherwise be closed out to the City's General Fund, if such funds were not used for the proposed renovations to 875 Stevenson Street.

2. Attachment 4, provided by Mr. Nelson indicates the source of funds to be used to finance the proposed additional \$616,709, which is not the subject of this request, for furniture, moving expenses, telecommunications, design, public improvements, project management, indirect costs and fees. Mr. Ed Harrington of the Controller's Office reports that these previously appropriated funds of \$616,709, for other capital and childcare subsidy purposes, do not have to be reappropriated by the Board of Supervisors to be used by the Department of Administrative Services for the renovations, furniture and related expenses for 875 Stevenson Street because these funds are considered a surplus transfer from the Department of Administrative Services. The Budget Analyst notes that if this \$616,709 of previously appropriated General Fund revenues were not used for the 875 Stevenson Street project, such funds would otherwise be closed out to the City's General Fund and available for any other General Fund purpose.

3. Mr. Legnitto reports that Komourous-Towey Architects (KTA) will be the architect to provide the design services, who was selected by the administrator of the Mart, the landlord of 875 Stevenson Street. Furthermore, Mr. Legnitto

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reports that the noted project management fees would be paid to the Mart, the landlord of 875 Stevenson Street, to oversee and manage the improvements for the leased space. According to Mr. Legnitto, any discrepancies in the percentage of design services or project management fees for each department is because these are estimates of the level of design and project management services needed. Mr. Legnitto reports that the City Architect and Real Estate will monitor the actual expenditures and each department will only be charged for the actual amount of design time spent by the architect and project management responsibilities assumed by the Mart.

4. Mr. Legnitto notes that prior to the City occupying the 875 Stevenson Street facility in early 1995, the City spent approximately \$5,280,000 to renovate and upgrade four floors of this building, or an amortized cost over the four-year period that these facilities were occupied of approximately \$1,320,000 per year. Mr. Legnitto reports that the Department of Technology and Information Services (DTIS) moved in approximately a year later in 1996, incurring additional renovation costs of approximately \$1,290,000, for a total renovation cost to the 875 Stevenson Street facility of \$6,570,000. However, Mr. Legnitto notes that the lessor of 875 Stevenson Street provided a credit to the City of approximately a total of \$2,000,000 against the total cost of tenant improvements incurred by the City, such that the City only incurred expenses of approximately \$4,570,000 (\$6,570,000 total less \$2,000,000 credit) for such tenant improvements. Nevertheless, the initial renovation cost of \$5,280,000 includes approximately \$1,974,016 to renovate the same proposed space, which these three General Fund departments are now proposing to expend an additional \$1,328,024 plus \$91,400 for the Assessor, for a total of \$1,419,424 to further renovate and upgrade the same space. In addition, the Budget Analyst notes that on May 3, 1999, the Board of Supervisors approved \$1,212,310, not including the subject \$91,400 placed on reserve for

the Assessor's Office, for the PUC to renovate leased space at 875 Stevenson Street. Thus, with the subject request, a total of \$9,201,734 (\$5,280,000 initial expenditure plus \$1,290,000 for DTIS renovations plus \$1,212,310 for PUC renovations plus \$1,419,424 for the proposed expenditures) would have been spent since approximately 1994 for renovations and furnishings for the leased space at 875 Stevenson Street, of which \$7,201,734 was paid for by the City and approximately \$2,000,000 was provided as a credit by the Mart.

5. According to Mr. Legnitto, the reasons these General Fund City departments need to spend approximately \$1,419,424 to renovate and furnish this space after approximately \$1,974,016 was spent on this same space only approximately four years ago is because (1) the original \$1,974,016 reflected only minimal tenant improvements to the space, (2) much of the original budgeted improvements only had a useful life of three years, (3) the Americans With Disability (ADA) and other building code requirements have changed and (4) whenever one City department is replaced by another City department, some renovations are always required. Mr. Legnitto notes that in accordance with the Finance and Labor Committee's response to the PUC's recently approved supplemental appropriation for 875 Stevenson Street, the proposed request by the General Fund departments does not include additional new carpeting, but rather would only clean, patch and replace small portions of carpeting and provide vinyl flooring at an estimated total cost of \$24,952.

6. If the proposed supplemental appropriation is approved, the value of the construction costs (\$753,314), public improvements (\$20,764), design fees (\$62,393), project management (\$46,816), indirect costs, reserves and fees (\$149,401) and most of the telecommunications (\$150,962) costs, totaling up to \$1,183,650 (including the Assessor costs), as identified in Attachments 2 and 3, would

be lost if the City vacates the 875 Stevenson building in 2002, at an amortized cost of \$394,550 per year for these renovations, over a three-year period. According to Mr. Legnitto, it is likely, although he can make no assurances, that these four General Fund City departments will remain in the 875 Stevenson Street facility for approximately five years, which would reduce the amortized cost of the proposed renovations to \$236,730 per year.

7. According to Mr. Legnitto, since the proposed lease was renegotiated in 1996, when lease rates were less expensive, the existing proposed lease rate of \$1.33 per square foot per month payable by the PUC represents less than the current fair market value for such a building. Mr. DeLucchi estimates that the fair market value rate for a comparable lease is approximately \$1.75 per square foot per month at this time, or approximately \$.42 per square foot per month more than the rate at 875 Stevenson Street. Mr. DeLucchi notes that fully servicing the 875 Stevenson Street lease, which would include providing utility, security and janitorial costs, increases the 875 Stevenson facility costs to \$1.78 per square foot per month, and that comparable servicing costs would be added to other market rate leases.

8. Attachment 5 identifies the furniture costs of \$166,580 broken down by the three departments of PPSD, PAPG and MUNI. An additional \$30,520, as identified in Attachment 3, is estimated for furnishings for the Assessor's Office, for a total General Fund furniture cost of \$197,100 for 875 Stevenson Street. When queried by the Budget Analyst regarding the need for such additional furnishings, Mr. Legnitto reports that all of the purchases of equipment will be refurbished workstations, that can be easily moved when these four General Fund departments are relocated from this leased space in future years. The Budget Analyst estimates that the average cost for these refurbished workstations is approximately \$2,700 per employee. In comparison, Mr. Legnitto reports

that the average cost for the new workstations provided to employees in City Hall was \$5,000.

The Budget Analyst however notes that when City employees moved back to City Hall in January of 1999, a total of approximately \$5 million in various types of furniture and equipment was provided for City employees. Many of these City employees, including employees from the Treasurer/tax Collector's Office, Recorder/Assessor's Office, Controller's Office, etc. were previously located at 875 Stevenson Street. It should be noted that these employees' furnishings were left behind at 875 Stevenson Street.

9. In response, Mr. Legnitto notes that MUNI staff will be reusing the furniture left at 875 Stevenson Street from the Treasurer/Tax Collector's Office and, as shown in Attachment 5 will spend \$15,290 to provide electrification for these workstations. Mr. Legnitto reports that the Controller's Personnel and Payroll Services Division (PPSD) will leave their existing furniture behind at 160 South Van Ness for use by the Department of Human Services, which will be moving into their vacated space. PPSD will then reuse the Controller's furnishings left at 875 Stevenson Street, together with rebuilding and purchasing \$36,835 of furnishings. The Assessor will be reusing Assessor and Recorder furnishings left at 875 Stevenson, together with electrification and related costs of \$30,520. The Public Administrator/Guardian will primarily be purchasing refurbished, electrified workstations at a cost of \$114,455, and will not be reusing their own or other department's furnishings.

10. A total of \$464,880 of General Fund revenues were placed on reserve by the Board of Supervisors in the FY 1998-99 budget of the Department of Real Estate to finance the costs of renovations and furnishings at 875 Stevenson Street for these four General Fund departments. However, as noted above, the Department is now proposing to spend \$1,419,424 for 875 Stevenson Street renovations

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and furnishings for these four General Fund departments, which represents an increase of \$954,544 or 205 percent.

11. The Budget Analyst also notes that, according to Mr. Tony DeLucchi of the Real Estate Department, approximately 66,500 square feet of the total approximately 150,000 net rentable square feet at the 875 Stevenson Street facility is currently vacant. At a lease cost of \$1.33 per square foot per month, excluding utilities, security and janitorial services, the City is currently spending approximately \$88,445 per month for this vacant space. The Budget Analyst notes that City employees vacated the 875 Stevenson Street facility in December of 1998 and January of 1999 and that it is anticipated that the renovations under this subject request and the previously approved PUC request would not be completed and these City departments would not be able to relocate into this space until approximately the end of Summer or early Fall of 1999, leaving this space vacant for at least eight months, at an approximate cost of at least \$707,560 to the City.

12. In summary, the Budget Analyst raises the following concerns: (1) an increase from a current total of 38,312 square feet of office space to 42,955 proposed square feet, an increase of approximately 4,643 square feet of office space, or 12.1 percent overall; (2) an overall increase from \$591,381 to \$687,280 per year in rent, which is a General Fund annual increase of \$95,899, or 16.2 percent; (3) including the \$91,400 for the Assessor's Office, the City is proposing to spend an additional \$1,419,424 for these General Fund renovations at 875 Stevenson Street, although the City initially placed on reserve \$464,880 in the FY 1998-99 budget for this purpose, an increase of \$954,544 or 205 percent; (4) as a result, \$246,435 of FY 1998-99 salary, capital project and operational savings from the Controller's Office and the Public Administrator/Guardian's Office will be used for these renovations and related costs at 875 Stevenson Street, which would otherwise be closed

out to the City's General Fund; (5) an additional \$616,709 of prior year appropriations, as shown in Attachment 4, will also be used for the proposed renovations and related costs at 875 Stevenson Street, which would otherwise be closed out to the City's General Fund; (6) with the subject request, a total of \$9,201,734 (\$5,280,000 initial expenditures plus \$1,290,000 for DTIS renovations plus \$1,212,310 for PUC renovations plus \$1,419,424 for the proposed expenditures) will be spent since approximately 1994 for renovations and furnishings for this leased space at 875 Stevenson Street, with \$2 million of these costs provided as a credit by the Mart; (7) the annual amortized costs of the proposed renovations and related expenses at this leased facility over a three-year period would be \$394,550 per year and over a five-year period would be approximately \$236,730 per year; (8) although the departments will be reusing various furnishings left at 875 Stevenson Street by those City employees who moved to City Hall, a total of \$197,100 is proposed to be spent for additional furnishings; and (9) the City has an ongoing lease to occupy the current vacant space at 875 Stevenson Street and is therefore paying rent on this vacant space at a rate of \$88,445 per month, which will result in City costs of at least \$707,560 for the eight months that this space is vacant, from January through August of 1999, when these departments are anticipated to move into 875 Stevenson Street.

Recommendation: Approval of the proposed request for release of reserved funds is a policy matter for the Board of Supervisors.

875 Stevenson Street Renovation

ATTACHMENT IX, BEFORE & AFTER SPACE

	Rentable Area Before (RSF)	Location	Rentable Area Proposed At 875 Stevenson
ASSESSOR	16,185	Previously on Floor 3	9,424 Floor 1
PPSD	15,000	160 South Van Ness Avenue	12,543 Floor 2
PAPG	9,521	25 Van Ness Avenue	13,223 Floor 2
MUNI	N/A	Various 425 Mason Turk Street West Portal Trailer New Hires	7,765 Floor 2

875 Stevenson Street
Renovation Budget Summary

	PPSD	PAPG	MUNI	TOTAL
Construction	188,404	293,158	229,753	711,315
Department Savings	(146,435)	(100,000)	-	(246,435)
Net (Use of Reserve)	41,969	193,158	229,753	464,880
Furniture				186,580
Moving				40,500
Telecom				143,288
Public Improvements				20,764
Design				59,455
Project Management				43,043
Indirect Costs, Reserves, & Fees				143,079
ADM Budget Savings				(616,709)
Project Bottom Line				-

875 Stevenson Street Renovation

ATTACHMENT VII, ASSESSOR'S COSTS

Construction

Architectural & Structural	\$ 10,200
Mechanical	\$ 4,495
Electrical	\$ 15,800
General Conditions	\$ 5,182
Indirects & Reserves	\$ 2,428
Fees	\$ 3,894
SUBTOTAL	<u>\$ 41,999</u>

Furniture	\$ 30,520
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Move (Physical)	\$ 4,500
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Telecom	\$ 7,674
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Design	\$ 2,938
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Project Management	\$ 3,773
	<u>\$ 91,404</u>

Date: 5/5/99
Sender: Steve Nelson
To: Debra Newman
Priority: Normal
Subject: 875 Stevenson Street

The following components make up the \$600K that is included in the budget for the non-construction costs at 875 Stevenson Street.

\$175,000	Child Care subsidy funds not required in the current fiscal year
\$164,574	Excess funds not needed for the Facilities Condition Monitoring Project, a capital project within Admin Services
\$188,420	CAO Cap Building Project. This is an old project that was used to fund the costs of boiler retrofits at the Hall of Justice, Laguna Honda Hospital and SF General Hospital some years ago. The project has long since been completed and these funds are not needed for the original purpose.
\$ 88,715	Urban Design Phase 4. This is a very old project that we believe was part of the design funds appropriated for the Embarcadero Roadway Project. Design of the roadway has long since been completed and is in construction, so these funds are no longer needed.
\$616,709	TOTAL

75 Stevenson Street Renovation

ATTACHMENT II, FURNITURE

	PPSD	PAPG	MUNI	TOTAL
Product	\$ 32,335	\$ 99,880		\$ 132,215
Disassemble/ Reassemble Labor & Misc. Parts	\$ 4,500			\$ 4,500
Electrification		\$ 14,575	\$ 15,290	\$ 29,865
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	\$ 36,835	\$ 114,455	\$ 15,290	\$ 166,580

Item 6 - File 99-0853

Department: Real Estate Department (RED)
Department of Telecommunications and Information Services (DTIS)

Item: Resolution authorizing a retroactive renewal of a Roof Equipment License Agreement at 555 California Street for DTIS.

Location: 555 California Street

Purpose of License Agreement: To provide space for seven radio antennas, transmitters and all associated wiring and equipment, including electrical service, for public safety radio communications for the Police, Fire, Public Health, and Sheriff's Departments in addition to a separate local government radio system used by the Department of Public Works, Animal Control, Health Centers, and the Fire Department Auxiliary Water Supply System, among others.

Lessor: 555 California Street Partners

Lessee: DTIS

No. of Sq. Ft.: 64 square feet

Cost Per Month: FY 1998-1999: \$2,000
FY 1999-2001: \$5,000

Annual Cost: FY 1998-1999: \$24,000
FY 1999-2001: \$60,000

Increase Over Prior License Agreement: FY 1998-1999: no increase
FY 1999-2001: \$36,000 annually (150 percent)

Description: The subject resolution would authorize the renewal of a Roof Equipment License Agreement between DTIS and 555 California Street Partners, owners of the office building located at 555 California Street (known as the Bank of America Building). The leased area would be used to provide space for seven radio antennas, transmitters and

all associated wiring and equipment, including electrical service, for public safety radio communications for the Police, Fire, Public Health, and Sheriff's Departments in addition to a separate local government radio system used by the Department of Public Works, Animal Control, Health Centers, and the Fire Department Auxiliary Water Supply System, among others. Mr. Larry Garde of DTIS reports that DTIS has occupied the subject space under a license agreement since 1987.

Term of Lease: Three years, retroactive to July 1, 1998 to June 30, 2001.

Source of Funds: For FY 1998-99, DTIS would fund the license agreement with monies previously appropriated in its FY 1998-99 budget. For FY 1999-2000 and FY 2000-2001, DTIS would fund the lease from DTIS's annual operating budget.

Comments: 1. According to Mr. Larry Jacobson of the RED, this proposed resolution, which requires a retroactive clause to July 1, 1998, was not submitted to the Board of Supervisors at an earlier date because (1) an initial proposal was not received from 555 California Street Partners until August 1998, and (2) the DRE entered into a lengthy negotiation with 555 California Streets Partners in an attempt to minimize the proposed rate increase for the subject site.

2. On May 10, 1999, the Board of Supervisors approved a resolution (File 99-0762) authorizing retroactive renewal of a Roof Equipment License Agreement between the Municipal Railway (MUNI) and 555 California Street Partners. The monthly rental rate under the MUNI Roof Equipment License Agreement at 555 California Street, the same location as the subject agreement, is \$4,000 to be paid by MUNI to 555 California Street Partners over the three year term of the agreement.

Under the subject agreement, the new monthly rate to be paid by DTIS to 555 California Street Partners would be \$2,000 in FY 1998-99 which is the same monthly rate as under the previous DTIS Roof Equipment License Agreement which expired on June 30, 1998. In FY 1999-2000 and FY 2000-01 the new monthly rate payable by DTIS will be \$5,000 which is \$3,000 or 150 percent more than the \$2,000 monthly rate under the previous agreement. Over the three year term of the agreement, a

total of \$144,000 would be paid by DTIS to 555 California Street Partners at an average rate of \$4,000 per month, which is the same rate to be paid by MUNI under the similar license agreement recently approved by the Board of Supervisors.

3. Mr. Jacobson states that the proposed average monthly rate of \$4,000 over the three year term of the subject Roof Equipment License Agreement (see Comment No. 2 above) represents fair market value due to the rapidly growing demand for similar space for both public and private sector radio operations. Mr. Jacobson reports that the City occupies similar rooftop space at One Market Plaza at a monthly rate of \$4,000, the same rate as provided for in the subject license agreement.

4. According to Mr. Garde, the office building located at 555 California is presently the only available building tall enough to allow the successful operation of the current radio system in the downtown area. Mr. Garde explains that no other available site would provide adequate clearance from physical obstructions (i.e., other buildings) that would hamper the necessary radio communications.

5. The subject license agreement has an ending date of June 30, 2001. According to Mr. Garde, it is anticipated that within the next three years all of the radio communications services provided for under the subject agreement will be moved to One Market Plaza and the subject space at 555 California Street will not be required. Therefore, the subject license agreement contains a termination provision with 180 days prior written notice to the lessor. Mr. Garde advises that although public safety radio communications will be transitioning into the new Citywide 800 MHz Radio System in February 2000, currently being installed at One Market Plaza, the existing public safety radio system and equipment must remain at 555 California for a period of three to four more months to accommodate any public safety units who may not have completely transitioned over to the new system. In addition, Mr. Garde reports that the separate local government radio system, used by the Department of Public Works, Animal Control, Health Centers, and the Fire Department Auxiliary Water Supply System, among others, which is also installed at 555 California Street, can

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be co-located with the new site at One Market Plaza. However, according to Mr. Garde, such a move would most likely take two years to plan, approve, and complete.

Recommendation: Approve the proposed resolution.

Item 7 – File 99-0856

Department: Department of Human Services (DHS)
Department of Real Estate (DRE)

Item: Resolution authorizing a new lease of real property of the entire building at 160 South Van Ness Avenue.

Location: 160 South Van Ness Avenue

Purpose of Lease: To provide leased space for the Department of Human Services (DHS), Investigations Division which is currently located in two separate leased buildings at 1235 Mission Street and 1650 Mission Street. The proposed lease would relocate 70 existing Investigations Division employees from 1235 Mission Street and 1650 Mission Street to 160 South Van Ness Avenue in order to accommodate additional program needs for DHS's Adult Services Division, which is also located at both 1235 Mission Street and 1650 Mission Street.

Lessor: Stuart B. and Myrna J. Aronoff Revocable Trust and Trudy Cohn

Lessee: The City and County of San Francisco

No. of Sq. Ft. and Rent Per Month: The proposed space at 160 South Van Ness Avenue consists of approximately 15,000 square feet of office and common area space at \$1.67 per square foot per month for a total of \$25,000 per month for the first two years with increases of approximately 2 percent rate in subsequent years, as follows:

<u>Year</u>	Rate per Square Foot <u>per Month</u>	Rate per <u>Month</u>
Three	\$1.70	\$25,625
Four	\$1.75	\$26,266
Five	\$1.79	\$26,922
Six	\$1.83	\$27,595
Seven	\$1.88	\$28,285
Eight	\$1.93	\$28,992
Nine	\$1.98	\$29,717
Ten	\$2.03	\$30,460

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Annual Cost: \$300,000 for the first two years, \$307,500 for the third year, \$315,192 for the fourth year, \$323,064 for the fifth year, \$331,140 for the sixth year, \$339,420 for the seventh year, \$347,904 for the eighth year, \$356,604 for the ninth year and \$365,520 for the tenth year.

Utilities and Janitor Provided by Lessor: All costs for utilities and janitorial services would be the responsibility of the City.

Term of Lease: The proposed lease would commence upon approval of the Board of Supervisors and termination of the existing lease at 160 South Van Ness Avenue and would expire ten years thereafter. According to Ms. Claudine Venegas of the Department of Real Estate (DRE), the entire building at 160 South Van Ness is currently occupied by the Controller's Payroll and Personnel Services Division (PPSD). The Controller's lease expires on June 30, 1999. PPCS is moving to 875 Stevenson Street (see Item 5, File No. 99-0809 of this report to the Finance and Labor Committee). However, according to Ms. Venegas, PPCS will continue to lease 160 South Van Ness on a month to month basis until approximately August 30, 1999, at which time, PPCS intends to vacate 160 South Van Ness Avenue and move to the 875 Stevenson Street facility.

Right of Renewal: The City would have the option to extend the lease for an additional five-year period at 95 percent of fair market rent.

Source of Funds: 37% Federal Grant Funds, 27% State Grant Funds and 36% General Fund which will be included in DHS's 1999-2000 budget.

Description: Ms. Rose Chow of DHS advises that the proposed lease would provide space for the DHS Investigations Division to relocate 70 existing employees, including 39 employees from 1235 Mission Street and 31 employees from 1650 Mission Street to 160 South Van Ness Avenue.

The following Investigations Division units, which are currently located at 1235 Mission Street and staffed by 39 employees to be relocated, would be moved to 160 South Van Ness Avenue:

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- Appeals Unit
- Collection Unit
- Fraud Early Detection Unit

In addition, the following Investigations Division units, which are currently located at 1650 Mission Street and staffed by 31 employees to be relocated, would be moved to 160 South Van Ness Avenue.

- Quality Control Unit
- Warrant Investigations Unit
- Overpayment Unit

Ms. Chow states that the proposed lease would allow DHS to relocate 70 Investigations Division employees and related units from 1235 Mission Street and 1650 Mission Street to the proposed space at 160 South Van Ness Avenue in order to accommodate additional program needs for DHS's Adult Services Division, which is also located at both 1235 Mission Street and 1650 Mission Street. The Attachment, provided by Ms. Chow, explains (1) why the proposed additional space at 160 South Van Ness Avenue is necessary; (2) the number of DHS Investigations Division employees and related units which would be moved from 1235 Mission Street and 1650 Mission Street to 160 South Van Ness Avenue; and (3) who will occupy the space vacated at 1235 Mission Street and 1650 Mission Street.

Comments:

1. According to Ms. Chow, the 39 Investigations Division employees and related units, which are currently located at 1235 Mission Street, occupy approximately 5,000 square feet at such site, or an average of approximately 128 square feet per employee. The 31 Investigations Division employees and related units, which are currently located at 1650 Mission Street, occupy approximately 4,000 square feet at such site, or an average of approximately 129 square feet per employee. Ms. Chow advises that together these 70 employees would occupy approximately 11,470 square feet at 160 South Van Ness Avenue, or an average of approximately 164 square feet per employee. The remaining 3,530 square feet of the total 15,000 square feet would be occupied by three

conference rooms, a kitchen, a training room, a loading dock and a reception area.

2. According to Ms. Venegas, the proposed rent represents fair market value.

3. Ms. Venegas advises that the Lessor will pay for leasehold improvements at an estimated cost of \$250,000. Such improvements include the installation of an elevator, carpeting, painting and American with Disabilities Act improvements. The leasehold improvements are expected to be completed within approximately 60 days after approval of the proposed resolution, according to Ms. Venegas.

Recommendation: Approve the proposed resolution.



Will Lightbourne
Executive Director

Deputy Directors
Bill Bettencourt
Sally Kipper
Jim Buick

May 12, 1999

To: Gabriel Cabrera
Budget Analyst

From: Rose Chow
Department of Human Services

Subject: 160 South Van Ness

The Department of Human Services wish to lease 15,000 square foot of space to six units of our Investigation Division. These units are currently at 1235 Mission Street where our PAES program is located, and 1650 Mission Street where our Adult Services Program resides. Both the PAES and Adult Services programs are expanding and require more space for their growth in each of their location, making it necessary for us to relocate other staff to accommodate this. It made sense to consolidate the Investigations Division in one location.

At 1235 Mission Street, we will move 39 Investigations staff out freeing up approximately 5,000 square feet. This will allow us to build the classroom component of the PAES program, which provide seminars that motivate clients to want to work and provide skills for job search preparation. The buildout will include four 500-sf classrooms, about seven 100-sf offices to be used for supervisors, interviewing and storage. Also, enough floor space to accommodate nine trainers.

At 1650 Mission, we will move 31 Investigations staff out, freeing up approximately 4,000 square feet. This space will be filled with 36 new Adult Protective Services staff, which was mandated by the State to provide a program of services to maintain the safety of elders. These workers have not been hired yet.

There is approximately 15,000 square feet of space at 160 South Van Ness occupied by about 75 Controller's Staff. We counted 75 workstations in their space. The 15,000 sf includes a large kitchen, training room, three conference rooms, loading dock area, reception/waiting space and a large file storage area with a rolling filing track system. Our Investigations Staff currently occupy about 9,000 square feet of space but does not include kitchen, conference, interviewing, training or reception areas.

I hope this is sufficient to justify our space needs.

Item 8 – File 99-0902

Department: Parking Authority
Department of Real Estate (DRE)

Item: Resolution approving the second modification of an existing lease of real property at the Moscone Center Garage.

Location: Parcel No. 2 at Moscone Center Garage located at 257 Third Street between Folsom and Howard Streets.

Purpose of Lease: Under the proposed resolution, the existing lease between the Parking Authority and the T.A. Fruits and Vegetables, a private firm, for its operation of the Moscone Pizzadelli, a restaurant, at Moscone Center Garage would be modified to (1) extend the term of the lease, (2) increase the space provided under the lease and (3) increase the minimum rent for the subject space.

Lessor: Parking Authority

Lessee: T.A. Fruits and Vegetables

No. of Sq. Ft. and Rent Per Month: 1,253 square feet at \$3,698 per month (based on 978 square feet of interior space at \$3.50 per square foot per month and 275 square feet of exterior space at \$1.00 per square foot per month) or 6 percent of gross receipts, whichever is greater.

Annual Rent payable By T.A. Fruits and Vegetables to the Parking Authority: T.A. Fruits and Vegetables will pay the Parking Authority either \$44,376 or 6 percent of gross receipts, whichever is greater.

Percentage Increase Prior Lease: The existing lease for Parcel No. 2 in the Moscone Center Garage located at 257 Third Street between Folsom and Howard Streets is with T.A Fruits and Vegetables for its operation of the Moscone Pizzadelli, a restaurant. The space provided under the existing lease consists of approximately 978 square feet of interior space. Under

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the existing lease, the annual rent is \$32,628 or 6 percent of gross receipts, whichever is greater. The proposed lease modification would result in the addition of exterior space for the T.A Fruits and Vegetables of 275 square feet or an increase of approximately 28 percent, from 978 square feet to 1,253 square feet. Under the proposed lease modification, the annual rent is either \$44,376 or 6 percent of gross receipts, whichever is greater. Therefore, the minimum annual rent of \$44,376 under the proposed lease modification is \$11,748 or approximately 36 percent higher than the minimum annual rent of \$32,628 under the existing lease with T.A. Fruits and Vegetables.

**Utilities and Janitor
Provided by Lessor:**

All costs for utilities and janitorial services would be the responsibility of T.A. Fruits and Vegetables.

Term of Lease:

The existing lease, which was for an initial term of five years and thereafter extended for two five-year periods, expires on February 29, 2000. If the proposed resolution is approved, term of the existing lease would be extended for the five-year period of July 1, 1999 through June 30, 2004.

Right of Renewal:

T.A Fruits and Vegetables would have the option to extend the lease for an additional five-year period at the then prevailing market rate as determined by the DRE.

Description:

In 1984, the Board of Supervisors approved a resolution authorizing the Parking Authority to lease Parcel No. 2, consisting of 948 square feet, in the Moscone Garage Center to Paul Hui, Paul Tong and David Fabian for their operation of a restaurant at such site (Resolution No. 719-84). The Board of Supervisors subsequently authorized a First Modification to the lease with Paul Hui, Paul Tong and David Fabian to change the effective date of the lease from December 1, 1984 to March 1, 1985 (Resolution No. 428-85). Moreover, in 1998, after receiving the necessary approval from the Parking Authority, the lessee assigned the lease to T.A. Fruits and Vegetables, which became effective on January 1, 1990. The lease contains a provision that states the lessee can lease or sublet the subject space with only the prior written approval of the lessor. Since this provision is contained in the initial lease, which was previously approved by the Board of

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Supervisors, the subject assignment of the lease to T.A. Fruits and Vegetables did not require Board of Supervisors approval, according to Mr. Gerald Romani of the Department of Real Estate (DRE).

Approval of the proposed resolution would authorize the Parking Authority to execute a Second Modification to the existing lease with T.A. Fruits and Vegetables for the addition of 275 square feet of exterior space in the Moscone Garage Center. In addition, the term of the existing lease would be extended for the five-year period of July 1, 1999 through June 30, 2004, and the minimum rent payable by T.A. Fruits and Vegetables to the Parking Authority would be increased by approximately 36 percent.

Mr. Romani states that the initial leased premises consisting of 978 square feet would continue to be used by T.A. Fruits and Vegetables for its operation of the Moscone Pizzadelli restaurant. Mr. Romani explains that T.A. Fruits and Vegetables plans to use the proposed additional 275 square feet to create an outdoor eating area for the patrons of the Moscone Pizzadelli restaurant.

Comments:

1. According to Mr. Romani, the proposed rent represents fair market value.

2. Mr. Romani advises that if the proposed resolution is approved, the lessee will pay for leasehold improvements at an estimated cost of \$25,000. Such improvements include raising the existing dropped ceiling, carpeting, painting, lighting, and purchasing new furniture and kitchen equipment. These leasehold improvements are expected to be completed within approximately 90 days after approval of the proposed resolution, according to Mr. Romani.

Recommendation:

Approve the proposed resolution.

Item 9 – File 99-0908

Department: Department of Parking and Traffic (DPT)
Department of Real Estate (DRE)

Item: Resolution authorizing the renewal of an existing lease of real property at 1975-1999 Bryant Street.

Location: 1975-1999 Bryant Street at the northeast corner of 18th Street.

Purpose of Lease: To provide space for the Department of Parking and Traffic (DPT), Traffic Sign Division in the facility located at 1975-1999 Bryant Street.

Lessor: Jack M. Keeney and Lavonne Keeney

Lessee: City and County of San Francisco

No. of Sq. Ft. and Rent Per Month: 21,162 square feet, including 16,112 square feet of interior space and 5,050 square feet of enclosed yard at \$13,770 per month for the first year (based on approximately \$0.65 per square foot per month) with an annual increase of 3 percent each subsequent year.

Annual Rent: \$165,240 for the first year with an annual increase of 3 percent each subsequent year.

Percentage Increase Prior Lease: The existing five-year lease for the space at 1975-1999 Bryant Street provides a total of 21,162 square feet at approximately \$0.40 per square foot per month, or \$8,500 per month and \$102,000 annually. The proposed lease would result in the same square footage for the Traffic Signal Division of 26,212 square feet and an increase in the cost to the City for annual rent of \$63,240 for the first year or approximately 62 percent, from \$102,000 to \$165,240. Under the proposed lease, the annual rent would increase by 3 percent each subsequent year.

Utilities and Janitor Provided by Lessor: All cost for utilities and janitorial services would continue to be the responsibility of the City.

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Term of Lease: The existing lease expires June 30, 1999. The proposed lease would have a term of ten years with an estimated commencement date of July 1, 1999 and would expire ten years thereafter.

Right of Renewal: None.

Source of Funds: According to Ms. Julia Dawson of DPT, the proposed rent will be included in DPT's annual budget commencing in FY 1999-2000.

Description: As noted above, the proposed lease is a ten year renewal of an existing lease between the City and County of San Francisco and Jack M. Keeney and Lavonne Keeney for the facility at 1975-1999 Bryant Street. The Department of Parking and Traffic, Traffic Sign Division, which has occupied the space since 1972, designs, constructs and stores traffic signs at the site. The Traffic Sign Division currently has a total of 29 employees, including 16 employees who work in the field and 13 employees who work on-site at 1975-1999 Bryant Street. The 13 employees who work on-site at 1975-1999 Bryant Street occupy 2,162 square feet of space, for an average of approximately 166 square feet per employee. The remaining 19,000 square feet of the total 21,162 square feet is used by the Traffic Signal Division to construct and store traffic signs, and house shop equipment and field work vehicles.

Comments: 1. The attached memorandum, provided by Mr. Ken Chopping of the Department of Real Estate (DRE), explains why the lease at 1975-1999 Bryant Street requires a 62 percent increase in rental costs to the City.

2. According to Mr. Chopping, the proposed rent represents fair market value.

Recommendation: Approve the proposed resolution.

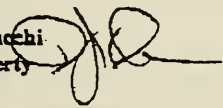
City and County of San Francisco

Real Estate Department

Office of the
Director of Property

MEMORANDUM

TO: Harvey Rose
Board of Supervisors
Budget Analyst

FROM: Anthony J. DeLucchi
Director of Property 

DATE: May 13, 1999

SUBJECT: Sign Shop Lease at 1975-1999 Bryant Street

Gabriel Cabrera of your office requested additional information on the reason for the substantial increase in rent for the lease renewal at 1975-1999 Bryant Street.

The present rent of \$8,500 per month was negotiated five years ago, as a fixed rent for five years. An increase in rent was expected but market rents in general, and especially for this type of space, have increased dramatically in the past two years. This area is experiencing an upgrading of older industrial buildings to office, multi-media studios and live/work projects which is adding to the upward pressure on rents.

It is our opinion, after an extensive search for a less expensive replacement property, that the negotiated rent of \$13,770 per month is fair market value and that the rent increase over what was negotiated five years ago, while substantial, is simply a reflection of current market conditions. A further indication of market value is the fact that the Landlord listed it for lease at \$18,000 per month and immediately received a written offer at \$15,000 per month from another party.

kc

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Item 10 - File 99-0909

- Department:** Department of Human Resources (DHR)
- Item:** Resolution approving the renewal of provisional appointments through December 31, 1999 for employees in classes for which no eligible list exists and who have been employed in the class more than three years, as required by San Francisco Charter Section 10.105.
- Description:** Provisional appointments of City employees occur when there is not an eligible list available for appointment to permanent City positions. An eligible list includes all persons who passed a classification examination given by the Department of Human Resources for the specific classification. According to Charter Section 10.105, provisional appointments of City employees to classified positions, for which no eligible list exists, cannot exceed three years, unless such appointments are renewed with the approval of the Board of Supervisors and upon certification by the Human Resources Director that for reasons beyond her control the Department has been unable to conduct examinations for these positions. The proposed resolution would approve an extension of provisional appointments for 19 classifications, affecting a total of 54 employees through December 31, 1999 located throughout the City, including at the Airport, Controller's Office, Department of Parking and Traffic, Department of Public Health, Department of Public Works, Juvenile Probation and Sheriff's Office.
- Comments:**
1. According to Ms. Linda Marini of the Department of Human Resources, DHR has undertaken an expedited program to reduce the number of long-term provisional employees in the City by streamlining the examination process, decentralizing examination functions into various City departments (such as the Airport, Health Department and Sheriff), providing more examinations and increasing the number of eligible lists for appointment of employees to permanent

positions. As a result, Ms. Marini reports that DHR has reduced the number of long-term provisional employees from 1,457 employees in 1996 to the current number of 54 such employees in 1999.

2. Ms. Marini notes that this new Charter Section 10.105 provision became effective on July 1, 1996. Therefore, the three-year maximum term for the subject 54 provisional employees will terminate on June 30, 1999. Ms. Marini therefore reports that if the proposed resolution is not approved by the Board of Supervisors, then the 54 affected employees would need to be laid off since their provisional appointments would have exceeded the three-year limit.

3. According to Ms. Marini, the DHR will not be able to provide the necessary examinations and create eligible lists for these 54 provisional employees to be appointed to permanent positions prior to the June 30, 1999 deadline and is therefore seeking this approval from the Board of Supervisors to extend these provisional appointments through December 31, 1999, when it is anticipated that eligible lists will exist for appointment to permanent positions. As shown in the Attachment provided by Ms. Marini, all of the examinations and eligible lists for these 54 employees are planned to be completed by October 31, 1999. Therefore, Ms. Marini reports that DHR will not be seeking any further extensions of these provisional appointments beyond the subject December 31, 1999 date.

3. Ms. Marini notes that, if the proposed resolution is not approved by the Board of Supervisors, and these 54 provisional employees were terminated, their budgeted positions would still remain part of each departments' budget, and each of the affected departments would then have to recruit and hire new employees to fill the same budgeted positions. The Budget Analyst therefore notes that the proposed resolution should not affect the ongoing cost to the City for these positions. Ms. Peg

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Stevenson of the Controller's Office concurs with
the opinion of the Budget Analyst's Office.

Recommendation: Approve the proposed resolution.

Long Term PVs for Renewal
(With Valid Dates 1990 or Before)

Class	Sh Title	# of PV's	Responsibility	Target List Adpt Dt	Reasons for Delay
7248	STEAMFITTER SUPERVISOR II	1	Alipor	6/8/99	Resources diverted to Master Plan hiring needs.
7268	WINDOW CLEANER SUPERVISOR	1	Alipor	6/25/99	
7345	ELECTRICIAN	2	Alipor	6/13/99	
7392	WINDOW CLEANER	4	Alipor	6/25/99	
8220	AIRPORT OPERATIONS SUPERVISOR	1	Alipor	7/30/99	
1034	PRINCIPAL ACCOUNT CLERK	1	Controller	6/18/99	Although eligible lists should be adopted this fiscal year, departmental selection processes may delay appointments.
1054	PRINCIPAL ACCOUNTANT	1	Controller	6/1/99	
1057	SENIOR SYSTEMS ACCOUNTANT	10	Controller	6/1/99	
1059	CHIEF SYSTEMS ACCOUNTANT	4	Controller	N/A	Consolidation of 1059/1671/1676 to be adopted by 7/1/99; positions to be reallocated to new class. Incumbents are participating in combined exam.
1671	FINANCIAL SYSTEMS OPERATIONS SUPERVISOR	1	Controller	N/A	
5174	ADMINISTRATIVE ENGINEER	1	DIR/1	6/30/99	Extensive recruitment needed to ensure diversity with applicant pool. Difficulties in exam scheduling due to 24 hour/7 day per week work habits of applicants.
8210	SR. PARKING CONTROL OFFICER	1	DIR/3	6/15/99	
0122	SENIOR ENVIRONMENTAL HEALTH INSPECTOR	4	DPI	7/30/99	Complex nature of positions & staff turnover delayed exam development.
5124	BUR. MGR., DEPT. OF PUBLIC WORKS	1	DPW	N/A	Classes to be consolidated & exams administered for new class by 6/30/99.
5131	BUR. CHIEF, DEPT. OF PUBLIC WORKS	2	DPW	N/A	

Long Term PVs for Renewal
(With Valid Dates 1998 or Before)

Class	ShTitle	# of PV's	Responsibility	Target List Adpt Dt	Reasons for Delay
8322	SENIOR COUNSELOR-JUVENILE HALL SUPERVISING COUNSELOR, (JUVENILE COURT)	2	Juv Prob	5/28/99	Staff turnover in unit resulted in exam delays.
8324		1	Juv Prob	5/28/99	
8274	POLICE CADET	8	Sheriff	N/A	New cadet program to be established; employees to be transitioned to new class by 12/31/99.
8312	SHERIFF'S CAPTAIN	2	Sheriff	10/31/99	Resources diverted to comply with court mandate for entry level hiring.

Items 11 and 12 – Files 99-0918 and File 99-0924

Department: Public Utilities Commission (PUC)
Water Department

Item: File 99-0918 – Ordinance approving the revised schedule of service fees to be charged by the Public Utilities Commission to retail water customers for Fiscal Year 1999-2000.

File 99-0924 – Ordinance approving the revised schedule of rates to be charged by the Public Utilities Commission for wholesale water service to its Suburban Resale Customers for Fiscal Year 1999-2000.

Description: The PUC establishes two separate water rate schedules. One schedule is for the Water Department's retail customers in San Francisco and its retail customers outside the City. The other schedule is for the Water Department's "Suburban Resale Customers". Suburban Resale Customers are, collectively, 29 water agencies, primarily within the Counties of San Mateo, Santa Clara and Alameda, that purchase water at wholesale rates from the San Francisco Water Department for resale to their customers.

Water rate schedules for retail customers were last amended by the PUC effective July 1, 1996 when retail rates to the water users in San Francisco and outside the City were increased by 7.6 percent. Suburban Resale water rate schedules were last amended effective July 1, 1998 when such rates were decreased by 13.0 percent in accordance with the terms of a 1984 settlement agreement described below.

The Board of Supervisors can only approve or disapprove water rate schedules submitted by the Public Utilities Commission. The proposed water rate schedules cannot be amended by the Board of Supervisors. Under Charter Section 2.109, the Board of Supervisors may approve, or reject, any rate, fee or similar charge to be imposed by any department, board or commission.

Proposition H, approved by the voters on June 2, 1998, mandates that Water rates and Sewer Service Charge rates are to remain at their current levels until July 1, 2006, subject to the following exceptions:

- With the concurrence of the Board of Supervisors and the Mayor, the rate freeze would not apply to the fees charged to customers located outside of San Francisco.
- The rate freeze could be suspended if the City declared an emergency, as defined by the Charter.
- The fees could be increased to repay the money borrowed by the City for improvements to the water system approved by the voters in November 1997. These fee increases could not exceed a total of 18 percent.
- The fees could be increased to repay money borrowed for further improvements to the water and sewer systems approved by the voters in the future.

The PUC is proposing no change to its current water rates to its San Francisco and other retail customers. The PUC is, however, proposing adjustments to the charges for the installation of flow restricting devices for one inch or smaller meters (an increase from \$122.37 to \$125) based on labor cost increases and an increase to the returned check charge to cover the PUC's cost. The returned check charge is currently \$15. Based on a labor cost of \$15.62 and a City Treasurer charge of an additional \$10, the recommended returned check charge for FY 1999-2000 is \$25. The City Attorney has issued an opinion that such charges, which are not related to the provision and consumption of water, are exempt from Proposition H.

The PUC is also proposing an increase in rates charged to its Suburban Resale Customers of 34.7 percent. This increase is consistent with the terms of a 1984 settlement agreement between the Suburban Resale Customers and the City, and a related master water sales contract, which was approved by the Board of Supervisors and resolved litigation which had been pending since 1974.

The settlement agreement established the method by which suburban resale rates are calculated each year. Under that agreement, cost accounting and rate setting are divided and based on the costs of providing water

BOARD OF SUPERVISORS
BUDGET ANALYST

services to retail customers, as distinct from the Suburban Resale Customers, who purchase water from the San Francisco Water Department at wholesale rates. The City sets the wholesale water rates to recover all costs associated with providing water to the Suburban Resale Customers, plus a rate of return on all debt funded assets and future revenue funded assets.

The difference between Suburban Resale water service revenues, and the cost computations made in accordance with the settlement agreement requirements, are credited to a "balancing account" which must be factored in to the rate calculation for the following year. If the projected balancing account value and projected revenue from Suburban Resale Customers exceeds or falls short of (a) projected annual costs, plus (b) a return on assets, for the Suburban Resale Customers by an amount greater than two percent of the sum of projected annual costs and a return on assets, adjustments to the Suburban Resale Customer rate schedules are mandated by the 1984 settlement agreement.

The projected July 1, 1999 balancing account value is estimated to be a negative \$4,332,000 and the projected June 30, 2000 balancing account value is estimated to be a negative \$18,006,000 based on existing Suburban Resale Customer rates. The PUC has therefore recommended an increase in Suburban Resale Customer rates of 34.7 percent based on the requirements of the Settlement Agreement, in order to eliminate the projected negative balance in the balancing account of \$18,006,000 as of June 30, 2000. This rate increase of 34.7 percent would increase projected 1999-2000 Suburban Resale water service revenues by \$18,006,000 from \$51,848,000 to \$69,854,000.

The table below displays the Water Department's projected Revenues and Expenditures for FY 1999-2000.

**1999-2000 WATER DEPARTMENT PROJECTED
REVENUES AND EXPENDITURES**

Beginning Operating Fund Balance	\$ 25,308,000
----------------------------------	---------------

Projected Revenues

Retail Water Sales	\$ 63,452,000
Suburban Resale Water Sales	69,854,000
Other Revenues	<u>14,750,000</u>

Total Revenues	<u>148,056,000</u>
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Total Sources	173,364,000
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<u>Projected Expenditures</u> (Subject to appropriation approval in the Water Department's FY 1999-2000 budget)	<u>147,737,000</u>
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Ending Operating Fund Balance	\$ 25,627,000
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Comments:

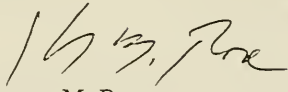
1. As previously noted, the PUC has proposed no water rate increases for San Francisco water users and the other retail customers of the Water Department. Based on the Water Department's projected revenues and expenditures, as can be seen from the table above, the Water Department's current unappropriated surplus will increase by \$319,000 (\$25,627,000 Ending Balance less \$25,308,000 Beginning Balance). Without the proposed increase of 34.7 percent for Suburban Resale Customers, the Ending Balance would decrease by \$18,006,000, from the projected \$25,627,000 to \$7,621,000.

2. In accordance with the revenue requirements for Water Revenue Bonds, net revenues in each Fiscal Year must be equal to at least 1.25 times more than the outstanding revenue bond annual debt service due in that fiscal year (commonly known as the required debt service coverage ratio). Based on the PUC's recommended rate increase of zero percent for retail customers and 34.7 percent for Suburban Resale Customers, the projected debt service coverage at the end of FY 1999-2000 is 3.07 or 1.82 above the required debt service coverage ratio of 1.25. Without the proposed 34.7 percent increase, the debt

Memo to Finance Committee
May 19, 1999 Finance Committee Meeting

service coverage ratio would decrease significantly, from 3.07 to 2.22.

Recommendation: Approve the proposed ordinances.


Harvey M. Rose

cc: Supervisor Yee	Supervisor Teng
Supervisor Bierman	Supervisor Yaki
President Ammiano	Clerk of the Board
Supervisor Becerril	Controller
Supervisor Brown	Legislative Analyst
Supervisor Katz	Matthew Hymel
Supervisor Kaufman	Stephen Kawa
Supervisor Leno	Ted Lakey
Supervisor Newsom	



City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Wednesday, May 26, 1999

10:00 AM

City Hall, Room 263

Regular Meeting

Members Present: Leland Y. Yee, Tom Ammiano.

Members Absent: Sue Bierman.

DOCUMENTS DEPT.

Meeting Convened

The meeting convened at 10:09 a.m.

JUN 16 1999

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REGULAR AGENDA

990916 [Employee Health Coverage]

Ordinance amending Administrative Code Section 16.157, approving Health Service System plans and rates of contribution as adopted by the Health Service Board. (Department of Human Resources)

5/5/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Supervisor Ammiano; Harvey Rose, Budget Analyst; Ann Summercamp, Deputy Director, Health Service System; John Madden, Assistant Controller; Jean Frasier, Deputy City Attorney; Supervisor Yee; Mathew Hymel, Mayor's Office; Bart Duncan, Deputy City Attorney. Opposed: Leonard Lundgren, President, Retired Teachers Association; Kay Walker, SEIU PAC; Lane De Lara, Ann Tobian; Nancy Gin, 2nd Vice President, CCSF Retirees Association; Tony Sacco, Retired Firemen and Widows Association; Bernard Crotty; Leo Martinez, Board of Directors, Retired Firemen and Widows Association; Robert Pardina; John LeHane, Police Association; Jean Thomas; Earl Gilman; Grady Shawn Allison; Diane Hermann, Executive Board, Retired Employees. Neither: Jerry De Ryan, Labor Council; David Novogrodsky, Local 21.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

990846 [Health Care Plan and Rate Increase]**Supervisors Ammiano, Bierman**

Hearing to consider the escalating costs of enrolling in the health care plans.

4/26/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Supervisor Ammiano; Harvey Rose, Budget Analyst; Ann Summercamp, Deputy Director, Health Service System; John Madden, Assistant Controller; Jean Frasier, Deputy City Attorney; Supervisor Yee; Mathew Hymel, Mayor's Office; Bart Duncan, Deputy City Attorney. Opposed: Leonard Lundgren, President, Retired Teachers Association; Kay Walker, SEIU PAC; Lane De Lara, Ann Tobian; Nancy Gin, 2nd Vice President, CCSF Retirees Association; Tony Sacco, Retired Firemen and Widows Association; Bernard Crotty; Leo Martinez, Board of Directors, Retired Firemen and Widows Association; Robert Pardina; John LeHane, Police Association; Jean Thomas; Earl Gilman; Grady Shawn Allison; Diane Hermann, Executive Board, Retired Employees. Neither: Jerry De Ryan, Labor Council; David Novogrodsky, Local 21.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

990468 [City Health Plan]**Supervisor Yee**

Hearing to consider the City Health Plan and the increased contributions for employee and dependent coverage.

3/8/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Supervisor Ammiano; Harvey Rose, Budget Analyst; Ann Summercamp, Deputy Director, Health Service System; John Madden, Assistant Controller; Jean Frasier, Deputy City Attorney; Supervisor Yee; Mathew Hymel, Mayor's Office; Bart Duncan, Deputy City Attorney. Opposed: Leonard Lundgren, President, Retired Teachers Association; Kay Walker, SEIU PAC; Lane De Lara, Ann Tobian; Nancy Gin, 2nd Vice President, CCSF Retirees Association; Tony Sacco, Retired Firemen and Widows Association; Bernard Crotty; Leo Martinez, Board of Directors, Retired Firemen and Widows Association; Robert Pardina; John LeHane, Police Association; Jean Thomas; Earl Gilman; Grady Shawn Allison; Diane Hermann, Executive Board, Retired Employees. Neither: Jerry De Ryan, Labor Council; David Novogrodsky, Local 21.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

**990871 [Appropriation, Dept of Public Health-S.F. General Hospital]
Mayor**

Ordinance appropriating \$19,187,662, Department of Public Health-San Francisco General Hospital, from the General Fund Reserve to offset the revenue shortfall in the current fiscal year 1998-1999.

(Fiscal impact.)

5/3/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Ammiano; Supervisor Yee; Dr. Mitchell Katz, Director, Department of Public Health; June Gutfleisch, Aide to Supervisor Bierman; Laura Spanjian, Aide to Supervisor Katz; Mathew Hymel, Mayor's Office; Bill Farley, Pharmacist at San Francisco General Hospital (SFGH); William Brady, Coalition to Save Public Health; Taejour Ahr, Resident, SFGH; Jamie Noone; Interns and Residents Association; Lea Curry; Ed Kinchley, Social Worker, SFGH; Michael Lyon; Doris Mitchell, Health Care Workers, Local 250; Dr. Colleen Townsend; Melchor Bustamante; Iris Biblowitz, RN

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

**990803 [Kezar Parking Lot]
Supervisor Brown**

Resolution authoring and approving the management agreement by and between the City and County of San Francisco and U.S. Parking, Inc., for the "Kezar Parking Lot" located at Stanyan and Frederick Streets.

(Fiscal impact.)

4/26/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

5/12/99, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Joel Robinson, Acting Director, Recreation and Park; Supervisor Ammiano; Supervisor Yee. Opposed: Mark Gleason, Teamsters, Local 65. Continued to May 26, 1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jackie Fong, Recreation and Park Department; Ben Burke, Attorney, U.S. Parking, Inc.; George Baller, Manager, Kezar Parking Lot; Supervisor Yee; Joel Robinson, Acting General Manager, Recreation and Park Department; Tom Owen, Deputy City Attorney. Opposed: Mark Gleason, Local 665.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

990857 [Recreation and Park Fees]

Ordinance amending Park Code by adding Sections 12.08 approving fees for parking at the Kezar parking lot in Golden Gate Park. (Mayor)

(Adds Section 12.08.)

4/28/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

5/17/99, SUBSTITUTED.

5/17/99, ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jackie Fong, Recreation and Park Department; Ben Burke, Attorney, U.S. Parking, Inc.; George Baller, Manager, Kezar Parking Lot; Supervisor Yee; Joel Robinson, Acting General Manager, Recreation and Park Department; Tom Owen, Deputy City Attorney. Opposed: Mark Gleason, Local 665.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

**990870 [Appropriation, Public Utilities Commission]
Mayor**

Ordinance appropriating \$606,006 from Water Fund Balance, \$236,968 from Hetch Hetchy Fund Balance and \$177,726 from Clean Water Fund Balance, (a total of \$1,020,700) to fund the establishment and implementation of Public Utilities Commission Year 2000 (Y2K) Embedded System Compliance Program for fiscal year 1998-1999.

(Fiscal impact.)

5/3/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Carolyn Olson, Assistant General Manager, Public Utilities Commission; Supervisor Yee; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

**990934 [Appropriation, Dept. of Children, Youth and Families]
Supervisors Ammiano, Bierman**

Ordinance appropriating \$150,000, Department of Children, Youth and Families, from the General Fund Reserve to fund the New Conservatory Theatre Center, providing arts and health education programs for San Francisco youth, for fiscal year 1998-1999.

5/10/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; George Vanberg-Wolf, New Conservatory Theatre Center (NCTC); Supervisor Ammiano; Supervisor Yee; Ed Decker, Executive Director, NCTC; Brad Pence; Business Manager, NCTC; June Gutfleisch, Aide to Supervisor Bierman. Amended to reduce appropriation to \$100,000; new title.

AMENDED.

Ordinance appropriating \$100,000, Department of Children, Youth and Families, from the General Fund Reserve to fund the New Conservatory Theatre Center, providing arts and health education programs for San Francisco youth, for fiscal year 1998-1999.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

**990872 [Appropriation, Police Department]
Mayor**

Ordinance appropriating \$889,000, Police Department, from the General Fund Reserve to provide additional funds for Workers' Compensation, installation of a "Bullet Trap" facility, and funds for the Peaceful Streets Program, for fiscal year 1998-1999.

(Fiscal impact.)

5/3/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Earl Sanders, Assistant Chief of Police; Supervisor Yee; Captain Alex Fagan, Police Fiscal Division; Gary Hoy, Department of Public Works, Bureau of Architecture; Mathew Hymel, Mayor's Office; Fred Howell, Department of Human Resources; John Ricker, Executive Director of Peaceful Streets; Supervisor Ammiano. Amended to reduce the Bullet Trap Project budget by \$10,000; new title.

AMENDED.

Ordinance appropriating \$879,000, Police Department, from the General Fund Reserve to provide additional funds for Workers' Compensation, installation of a "Bullet Trap" facility, and funds for the Peaceful Streets Program, for fiscal year 1998-1999.

(Fiscal impact.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

990936 [MOU Amendment, Police Officers Association]

Mayor

Ordinance implementing Amendment No. 3 to the 1996-2001 Memorandum of Understanding between the San Francisco Police Officers' Association and the City and County of San Francisco to amend salary provisions for represented classes and to authorize action to rectify prior retirement status for former Airport Police Officers, effective July 1, 1999.

(Fiscal impact.)

5/10/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Alice Villagomez, Deputy Director, Human Resources; Chris Cooney, President, Police Officers Association.

RECOMMENDED by the following vote:

Ayes: 2 - Ammiano, Yee

Absent: 1 - Bierman

990913 [Amendment to MOU, Local 261, Class 7501]

Ordinance implementing Amendment No. 2 to the 1997-2001 Memorandum of Understanding between the Laborers Local 261 and the City and County of San Francisco by adding a provision to establish the step increase schedule for Class 7501 employees as set forth in the Memorandum of Understanding Article 111.K, effective July 1, 1999. (Department of Human Resources)

5/5/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Alice Villagomez, Deputy Director, Human Resources.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

990914 [Amendment to MOU, Local 216]

Ordinance implementing Amendment No. 1 to the 1998-2001 Memorandum of Understanding between the Teamsters Local 216 and the City and County of San Francisco to correct clerical omissions by: 1) adding a provision for a minimum period of time and rate of pay for certain overtime assignments; 2) incorporating rule changes by the City's Retirement Board regarding crediting of accrued sick leave for retirement purposes; and 3) adding language regarding contributions to the employee tuition reimbursement fund as set forth in the Memorandum of Understanding, effective July 1, 1999. (Department of Human Resources)

5/5/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Alice Villagomez, Deputy Director, Human Resources.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

990915 [Amendment to MOU, Local 6, Class 7371]

Ordinance implementing Amendment No. 1 to the 1997-2001 Memorandum of Understanding between the International Brotherhood of Electrical Workers Local 6 and the City and County of San Francisco to establish salary schedules and salary step placement provisions for the newly created classification, Class 7371 Electrical Transit Mechanic, effective July 1, 1999. (Department of Human Resources)

(Fiscal impact.)

5/5/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Alice Villagomez, Deputy Director, Human Resources; Kevin Hughes, Local 6.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

990077 [City Hall Cafe' Management Agreements]

Resolution authorizing and approving a management agreement between the City and County of San Francisco and Events Management Inc. dba McCall and Associates, for operation of a cafe' located in the North Light Court of City Hall; and ratifying certain acts in connection with such management agreement and a management agreement with L and L, a Partnership for the operation of a cafe' located on the ground floor of the City Hall. (Real Estate Department)

1/13/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

2/3/99, CONTINUED TO CALL OF THE CHAIR.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Steve Nelson, Director, Administrative Services. Amendment of the Whole, further amended to reflect retroactivity.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.

Resolution authorizing and approving retroactively, a month to month management agreement between the City and County of San Francisco and Events Management Inc. dba McCall and Associates, for operation of a cafe' located in the North Light Court of City Hall. (Real Estate Department)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

990747 [Affinity Phone Card]

Supervisor Bierman

Resolution authorizing the City Administrator to enter into a Second Amendment to operating the Licensing Agreement for the San Francisco Affinity Phone Card Program.

4/19/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; June Gutfleisch; Supervisor Ammiano.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

991012 [Taxable General Obligation Bonds]

Motion awarding Bonds and fixing definitive interest rates for \$20,000,000 General Obligation Bonds (Affordable Housing), Series 1999A. (Mayor)

5/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Laura Opsahl, Mayor's Office of Finance; Harvey Rose, Budget Analyst.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

990912 [Reserved Funds, Port]

Hearing to consider release of reserved funds, Port, (FEMA/OES Project, Ordinance No. 87-91), in the amount of \$1,100,000 for earthquake related capital improvements at Pier 70, San Francisco Drydock. (Port)

5/5/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Peter Dailey, Port, Maritime Director.

Release of reserves in the amount of \$1,100,000 approved.

APPROVED AND FILED by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

990427 [North Mission Quality of Life Issues]

Supervisors Ammiano, Newsom

Hearing to examine the quality of life issues such as homelessness, availability of substance abuse treatment centers, availability of low-income housing and public safety of the North Mission neighborhood area.

3/1/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

CLOSED SESSION

Deputy City Attorney Tom Owen announced the following closed session pursuant to Government Code Section 54956.9(a) and Administrative Code Section 67.11, to confer with legal counsel regarding existing litigation:

*Rooker et al, v. City and County of San Francisco
United States District Court No. C 99-1095 VRW*

[Elect Not to Disclose]

Deputy City Attorney Tom Owen announced that the Finance and Labor Committee finds that it is in the best interest of the public that the Committee elect at this time not to disclose its closed session deliberations concerning the existing litigation.

ADJOURNMENT

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CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

May 26, 1999

DOCUMENTS DEPT.

TO: Finance and Labor Committee

FROM: Budget Analyst

SUBJECT: May 26, 1999 Finance and Labor Committee Meeting

MAY 26 1999

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Item 1 - File 99-0916

1. The proposed ordinance would amend Section 16.157 of the Administrative Code to approve the City's FY 1999-2000 Health Service System plans and rates of contribution, as adopted by the Health Service Board, to be paid by the members of the System. The members of the System are employees, retirees, and surviving spouses of former employees and retirees of the City and County of San Francisco, the San Francisco Unified School District, and the Community College District.

HEALTH PLANS

2. The Board of Supervisors previously adopted a resolution (File 99-0606) setting the City's contribution to the Health Service Fund for FY 1999-2000 at \$180.85 per month for each member. The City's contribution was established in accordance with Charter Sections A8.423 and A8.428, which set the average contribution rate based on a survey of the 10 most populous counties in California (excluding San Francisco). The City's contribution of \$180.85 per month (\$2,170.20 annually) represents an increase of \$6.09 per month, or approximately 3.5 percent, from the FY 1998-99 rate of \$174.76 per month (\$2,097.12 annually).

3. Once the City's contribution is established, member contributions are calculated by the Health Service System actuary, Rael and Letson, Consulting

Actuaries, in order to ensure that contributions from all sources will be adequate to support anticipated claims for the upcoming fiscal year. The proposed ordinance would establish member contribution rates for FY 1999-2000 in accordance with Charter Sections A8.421 and A8.422. Charter Sections A8.421 and A8.422 require approval by three-fourths of the members of the Board of Supervisors after the Board has secured an actuarial report of the costs and effects of any proposed change in the benefits of the Health Service System or rates of contribution. Contribution rates vary according to: (1) whether or not a member is an active employee, retired employee, or surviving spouse; (2) whether or not that individual has Medicare coverage; and (3) which of the City's four health plans that individual elects to join. The actuarial report and details of the member contribution rates are contained in the file of the Clerk of the Board.

4. The following plans will be offered in FY 1999-2000:

- City Health Plan*
- Kaiser Foundation Health Plan
- Health Net
- PacifiCare

* Administered by the City's Health Service System.

5. According to Ms. Ann Sommercamp, Deputy Director of the Health Service System, the total amount of employer and member contributions for the health plans in FY 1999-2000 is estimated to be \$192.6 million, which is approximately 11.7 percent (\$20.2 million) more than the projected 1998-99 combined employer and member contributions of \$172.4 million. A summary of the estimated FY 1999-2000 employer and employee contributions of \$192.6 is as follows:

	Amount (Millions)	Percent of Total Contributions
City and County Employer Contribution		
- Active Employees	\$101.1	52.5%
- Retired Employees and Surviving Spouses	20.3	10.5%
School District/Community College District Employer Contribution		
- Active Employees	24.0	12.5%
- Retired Employees and Surviving Spouses	7.7	4.0%
Total Employer Contributions	\$153.1	79.5%
Member Contributions	39.5	20.5%
TOTAL CONTRIBUTIONS	\$192.6	100.0%

BOARD OF SUPERVISORS
BUDGET ANALYST

6. According to Ms. Sommercamp, of the total estimated employer contributions of \$153.1 million, approximately \$109.0 million or 71 percent, would be contributed from the City's General Fund. The remaining \$44.1 million of employer contributions would be paid from the City's Special Funds (e.g., Airport, Port, Water Department and Hetch Hetchy) and from Unified School District and Community College District revenue sources.

7. As shown in Table 1 below, the change in the monthly rates to be paid by active City employees with no dependents (single employees) for FY 1999-2000 ranges from no change in the monthly rate to a 155 percent increase of \$67.18 per month (\$806.16 annually), depending on the health plan selected (see Comment No. 9 for an explanation of this increase).

A comparison of the FY 1998-99 monthly rates for to be paid by active City employees with the proposed FY 1999-2000 rates adopted by the Health Service Board is as follows:

Table 1
Monthly Health Plan Rates to be Paid by Active City Employees
FY 1998-99 and FY 1999-2000

	1998-99 Monthly <u>Rates</u>	1999-2000 Monthly <u>Rates</u>	Monthly Increase/ <u>(Decrease)</u>	Percentage Increase <u>(Decrease)</u>
<u>City Health Plan</u>				
Single Employee	\$43.43	\$110.61	\$67.18	155%
Employee plus one dependent	238.12	317.75	79.63	33%
Employee plus two dependents	423.92	536.71	112.79	27%
<u>Kaiser Foundation Health Plan</u>				
Single Employee	2.00	4.00	2.00	100%
Employee plus one dependent	164.38	182.58	18.20	11%
Employee plus two dependents	299.16	330.81	31.65	11%
<u>Health Net</u>				
Single Employee	2.00	2.00	-0-	0%
Employee plus one dependent	165.72	170.36	4.64	3%
Employee plus two dependents	302.80	311.13	8.33	3%
<u>PacificCare</u>				
Single Employee	2.00	2.00	-0-	0%
Employee plus one dependent	152.81	162.00	9.19	6%
Employee plus two dependents	279.18	295.15	15.97	6%

8. A comparison of the FY 1998-99 monthly rates to be paid by retired City employees who are enrolled in the Health Service System with the proposed FY 1999-2000 rates adopted by the Health Service Board is as follows:

Table 2
Monthly Health Plan Rates to be Paid by Retired City Employees*
FY 1998-99 and FY 1999-2000

	1998-99 Monthly <u>Rates</u>	1999-2000 Monthly <u>Rates</u>	Monthly Increase/ (Decrease)	Percentage Increase (Decrease)
<u>City Health Plan</u>				
Single Subscriber	\$0	\$65.11	\$65.11	—
Subscriber plus one dependent (dependent not Medicare eligible)	194.69	272.25	77.56	40%
Subscriber plus one dependent (dependent is Medicare eligible)	157.92	228.69	70.77	45%
<u>Kaiser Foundation Health Plan</u>				
Single Subscriber	0	0	0	0%
Subscriber plus one dependent (dependent not Medicare eligible)	162.38	178.58	16.20	10%
Subscriber plus one dependent (dependent is Medicare eligible)	28.31	13.62	(14.69)	(52%)
<u>Health Net</u>				
Single Subscriber	0	0	0	0%
Subscriber plus one dependent (dependent not Medicare eligible)	166.07	168.36	2.29	1%
Subscriber plus one dependent (dependent is Medicare eligible)	40.17	35.47	(4.70)	(12%)
<u>PacificCare</u>				
Single Subscriber	0	0	0	0%
Subscriber plus one dependent (dependent not Medicare eligible)	153.16	159.64	6.48	4%
Subscriber plus one dependent (dependent is Medicare eligible)	28.64	31.54	2.90	10%

* Rates listed are those paid by subscribers who are eligible for Medicare Parts A & B. According to the Health Services System, such subscribers and their dependents comprise over 90 percent of retired enrollees in the System. For more detailed rate schedules, see the member contribution rate schedules on file with the Clerk of the Board.

As shown in Table 2 above, the change in the monthly rates to be paid by retired City employees with no dependents (single subscribers) for FY 1999-2000 depending on the health plan selected ranges from a 52 percent decrease of \$14.69 per month (\$176.28 annually) to an increase of \$65.11 per month or \$781.32 annually (in FY 1998-99 there was no charge to a retired single subscriber). See Comment No. 9 for a further explanation of this increase.

9. Ms. Sommercamp advises that the reason contribution rates for City employees and retirees under the City Health Plan are increasing is in large part because in FY 1998-99 a portion of the costs of the City Health Plan were subsidized by the Plan's Trust Fund and in FY 1999-2000 no such subsidy will be made. The Plan's Trust Fund is made up of accumulated employer and employee contributions to the City Health Plan and the interest earned on those monies. For FY 1998-99, it was determined by the Health Service System that sufficient funds existed in the Trust Fund to cover projected medical claims and subsidize member contributions, however for FY 1999-2000 it has been determined that Trust Fund monies are not sufficient to both cover projected medical claims and provide a subsidy. The Health Services System reports that, as of June 30, 1997, the balance in the Trust Fund was approximately \$29.0 million compared to \$12.5 million as of June 30, 1998.

According to the Health Services System, in FY 1998-99 employee contributions to the City Health Plan were subsidized by the Trust Fund at an average monthly rate of \$42.66 per single active employee. As a result, such a Trust Fund subsidy of active employee contributions in FY 1998-99 resulted in City employer contributions for retirees in FY 1998-99 at a higher rate than in FY 1999-2000, according to a formula set by the Charter, which therefore decreased the retiree contribution. For example, in FY 1998-99, the majority of retirees received a City employer contribution of \$166.16 compared to \$102.51 in FY 1999-2000. For a more detailed explanation of the Trust Fund and why employee and retiree contribution rates have increased, see Items 2 and 3, Files 99-0846 and 99-0468 of this report to the Finance and Labor Committee.

10. A description of the changes to the City Health Plan health benefits in FY 1999-2000 is provided in the Attachment, provided by the Health Services System. According to the Health Services System, the major changes in the City Health Plan benefits include an annual deductible for all members (employees and retirees) who use a physician designated as a "preferred provider" of \$250 for single members (currently members who use a "preferred provider" pay no annual deductible) and an annual prescription deductible for all members of \$50 (currently there is no deductible for prescriptions). The Health Services System reports that no major benefit changes were made to the other three health plans offered by the City in FY 1999-2000.

Dental Plan Benefits

11. The Health Service Board has approved the continuance of Delta Dental of California, the PMI DeltaCare Dental Plan and the Pacific Union Dental Plan. According to Ms. Sommercamp, as of March 1, 1999, a total of 25,509 active and retired employees were enrolled in the existing City-paid dental plans. Under the dental plans, all premiums for active City employees are paid by the City (there is no employee contribution). Retirees, and active Community College District and SFUSD employees must pay their dental benefits in full according to a separate schedule. Total premiums projected to be paid by retirees, and active City College and SFUSD employees will total \$2.1 million in FY 1999-2000, an increase of \$0.3 million (16.7 percent) over projected premiums for FY 1998-99 of \$1.8 million. As shown in Table 3 below, total premiums (based on current membership) to be paid by the City for its active employees will be an estimated \$26.1 million for FY 1999-2000, an increase of approximately \$1.1 million (4.4 percent) over projected premiums for FY 1998-99 of approximately \$25.0 million. A summary of these costs is as follows:

Table 3
**Projected Annual Dental Plan Premiums to be Paid by the City
 for Active City Employees. FY 1998-99 and FY 1999-2000**

	Employee <u>Membership</u>	Projected 1998-99 Premiums* <u>(in millions)</u>	Projected 1999-2000 Premiums** <u>(in millions)</u>
Delta Dental of California	23,183	\$22.9	\$23.7
PMI DeltaCare Dental Plan	1,584	1.5	1.6
Pacific Union Dental Plan	<u>742</u>	<u>0.6</u>	<u>0.8</u>
Total	25,509	\$25.0	\$26.1

* Based on March 1, 1999 enrollments at existing monthly rates.

** Based on March 1, 1999 enrollments at FY 1999-2000 rates.

12. A comparison of the FY 1998-99 and FY 1999-2000 monthly premium rate schedules for employer contributions of the three dental plans is as follows:

Table 4
**Monthly Dental Plan Rates to be Paid by the City for
Active City Employees, FY 1998-99 and 1999-2000**

	1998-99 Monthly <u>Rates</u>	1999-2000 Monthly <u>Rates</u>	Monthly Increase/ <u>(Decrease)</u>	Percentage Increase <u>(Decrease)</u>
<u>Delta Dental</u>				
Single Employee	\$46.68	\$48.05	\$1.37	3%
Employee plus one dependent	79.36	78.96	(0.40)	(1%)
Employee plus two dependents	121.37	118.70	(2.67)	(2%)
<u>PMI DeltaCare Dental Plan</u>				
Single Employee	22.17	22.17	-0-	0%
Employee plus one dependent	36.58	36.58	-0-	0%
Employee plus two dependents	54.09	54.09	-0-	0%
<u>Pacific Union Dental Plan</u>				
Single Employee	18.55	20.40	1.85	10%
Employee plus one dependent	29.15	33.65	4.50	15%
Employee plus two dependents	46.11	49.76	3.65	8%

13. A choice of three dental plans that are fully paid for by retirees and active employees who are ineligible for employer paid dental coverage will also continue to be offered at no cost to the City. In both FY 1998-99 and FY 1999-2000, the three dental plans have reduced benefits, such as a lower maximum annual payment and no orthodontic benefits, in order to reduce the premium cost for plan participants. Active employees who are not eligible for employer paid dental coverage include Unified School District and the Community College District employees.

A comparison of the monthly premium rates to be paid by retired City employees and other employees who are ineligible for employer paid dental coverage (i.e. active employees of the Unified School District and Community College District) for the FY 1998-99 and FY 1999-2000 dental plans are shown in Table 5 below:

Table 5

**Dental Plan Monthly Premium Rates to be Paid by Retired City Employees
 and Active Employees Who Are Ineligible for Employer Paid Coverage
FY 1998-99 and FY 1999-2000**

	1998-99 Monthly <u>Rates</u>	1999-2000 Monthly <u>Rates</u>	Monthly Increase/ <u>(Decrease)</u>	Percentage Increase <u>(Decrease)</u>
<u>Delta Dental</u>				
Single Employee	\$30.38	\$34.72	\$4.34	14%
Employee plus one dependent	60.47	56.30	(4.17)	(7%)
Employee plus two dependents	85.08	84.04	(1.04)	(1%)
<u>PMI DeltaCare Dental Plan</u>				
Single Employee	13.69	13.69	-0-	0%
Employee plus one dependent	22.59	22.59	-0-	0%
Employee plus two dependents	33.41	33.41	-0-	0%
<u>Pacific Union Dental Plan</u>				
Single Employee	10.86	13.14	2.28	21%
Employee plus one dependent	19.35	21.69	2.34	12%
Employee plus two dependents	27.56	32.07	4.51	16%

Recommendation

Since the Health Service System reports that the selection of the Health Service System plans and determination of the rates of member contribution for such plans have been conducted in accordance with the provisions of the City Charter, approve the proposed ordinance.

4/30/99

SECTION 3 CHANGES IN BENEFIT PLANS.

You should carefully review the following changes in Benefit Plans before making your Open Enrollment decisions.

(a) Changes To City Health Plan.

- (1) Annual PPO Deductible. The Annual PPO Deductible is \$250 for employee only, \$500 for employee + 1, and \$750 for employee + 2 or more. It will be applied to all claims before payment. For employee only, this means the member is responsible for the first \$250 of medical charges.*
- (2) Catastrophic Loss. The Health Plan will pay 100% of all PPO charges once the member (or family) has incurred \$25,000 of PPO expenses in any benefit year. This applies to the nine Bay Area PPO counties only.*
- (3) No Fixed Dollar Copays. The PPO will no longer have copays. Rather City Plan will pay 85% of PPO and 50% of UCR charges for non-PPO contract rates once the annual deductible is satisfied. This applies to all medical charges: Hospital, physician, lab, X-ray, MRI, emergency room, etc.*
- (4) Annual Non-PPO Deductible. The annual non-PPO deductible will be \$500 for employee only, \$1,000 for employee + 1, and \$1,500 for employee + 2. If a member uses both PPO and non-PPO providers, the member will need to satisfy the non-PPO deductible. The City Plan will then pay 50% of UCR charges per member.*
- (5) Members Outside PPO. For individuals who reside outside of the nine Bay Area PPO counties, City Plan will continue to pay 80% of covered charges after the annual deductible of \$250 for employee only, \$500 for employee + 1, and \$750 for employee + 2 or more is satisfied.
- (6) Annual Prescription Deductible. An annual prescription deductible of \$50 for employee only, \$100 employee + 1, and \$150 employee + 2 or more will be implemented. For employee only, this means the member is responsible for the first \$50.00 of prescription costs. Once this deductible is met, the member is responsible for a \$9 (generic) or \$18 (brand) copayment for a 30-day supply for each prescription.

➡ After the annual prescription deductible is met, the mail order drug benefit copayment is \$18 (generic) and \$36 (brand) for a 90-day supply. No controlled substances can be ordered via mail order.

- ➡ (7) Use of Brand Instead of Generic. If you have a prescription for a brand name drug and there is a generic equivalent available, the drug will be filled using the generic. If the physician and/or patient requests the brand name, the member is responsible for the difference between the generic and brand name drug.
- (8) Drug Utilization Review. A Drug Utilization Review (DUR) program will be instituted July 1, 1999. This program will determine appropriateness of prescribed medicine. This will prevent prescriptions being filled when contraindicated conditions are noted. It will also monitor appropriate dosage.
 - (9) Acupuncture and Chiropractic. The acupuncture and chiropractic (PPO and non-PPO) payment is 50% of charges once the annual deductible has been satisfied. The annual limit on acupuncture and chiropractic benefits is \$1,000 per year for each benefit.

* The local network PPO consists of the nine (9) Bay Area counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma. These rules apply to the nine Bay Area PPO counties only.

Items 2 and 3 – 99-0846 and 99-0468

Items: **Item 2, File 99-0846:** Hearing to consider the escalating costs of enrolling in the City's health care plans.

Item 3, File 99-0468: Hearing to consider the City Health Plan and the increased contributions for employee and dependent coverage.

Description: On May 26, 1999, the Finance and Labor Committee will consider an ordinance (see Item 1, File 99-0916 of this report to the Finance and Labor Committee) amending the Administrative Code to approve (a) the City's four health plans and three dental plans and (b) the rates of contribution to be paid by the members of the Health Service System for FY 1999-2000. The members of the System are employees, retirees, and surviving spouses of former employees and retirees of the City and County of San Francisco, the San Francisco Unified School District, and the Community College District. (The rates of contribution to be paid by the City (the employer) were previously approved by the Board of Supervisors – File 99-0606.)

At the request of the Budget Analyst, the Health Service System has prepared a comparison of the monthly employer and member rates paid for the City's Health Plan in FY 1997-98, FY 1998-99, and those proposed for FY 1999-2000, shown as Attachment I to this report. As shown in Attachment I, the increase in the monthly rate paid by single employee members is \$89.49 (424 percent), from \$21.12 in FY 1997-98 to \$110.61 under the proposed FY 1999-2000 rates. The increase in the monthly rate paid by single retired members is \$65.11, from no charge in FY 1997-98 to \$65.11 under the proposed FY 1999-2000 rates.

Attachment II is a memorandum from the Health Service System which contains an explanation of why FY 1999-2000 costs to enroll in the City's health plans have increased and the steps the Department is taking to control such costs. According to the Health Service System, rising costs are due to increasing health plan costs, the elimination of the Trust Fund subsidies to the City's Health Plan, and high utilization of expensive medical treatments.

Health Services Historic Data on Active Employees

	Employee	Employer	Trust	Total Cost
1997/98				
Employee	21.12	170.59	42.66	234.37
Employee +1	170.09	170.58	72.57	413.25
Employee +2	279.5	170.59	194.48	644.55
1998/99				
Employee	43.43	174.76	40.64	258.83
Employee +1	238.12	174.78	35.58	448.46
Employee +2	423.92	174.76	32.88	631.56
99/2000				
Employee	110.81	180.85	none	291.48
Employee +1	317.75	180.85	none	498.60
Employee +2	536.71	180.85	none	717.56

Health Services Historic data for Retirees on Medicare

	Retiree	City	Trust	Cost
1997/98				
Retiree Medicare (MC)	0	148.24	3.78	148.24
Retiree MC +1	148.97	148.24	26.13	323.34
Retiree MC +1MC	127.47	148.24	8.06	283.77
1998/99				
Retiree Medicare (MC)	0	166.16	5.57	171.73
Retiree MC +1	194.69	166.16	10.63	371.48
Retiree MC +1MC	157.92	166.16	9.63	333.71
1999/2000				
Retiree Medicare (MC)	65.11	102.51	none	167.62
Retiree MC +1	272.25	102.51	none	374.76
Retiree MC +1MC	228.69	102.51	none	331.20

Analysis: Per Charter: Retirees should pay what the active employees less MediCare costs (43.80) Effective 1/1/99 Medicare is \$45.50. The City must contribute the difference between the health cost and this formula. If you subsidy active, retirees would pay that subsidized rate. City will pay the additional differential.



HEALTH SERVICE SYSTEM
A DIVISION OF THE DEPARTMENT OF HUMAN RESOURCES
CITY AND COUNTY OF SAN FRANCISCO

May 21, 1999

Board of Supervisors
#1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, CA 94102

SUBJECT: Health Insurance Costs

Honorable Members of the Board of Supervisors,

As part of your review of the proposed ordinance to approve the City's FY 1999-2000 Health Service System (HSS) plans and rates of contribution, you have requested an overview of why health insurance costs are increasing.

While medical inflation has been relatively stable for the past 4-5 years, there has been an upward trend in this indicator. A large factor in the moderate trend has been the expansion of managed care and Health Maintenance Organizations (HMO's) like Kaiser, HealthNet, and PacifiCare. Nevertheless, the costs are increasing. HSS increases for the HMO's varied from 3.5% to 12%. However, Plan 1 did not have the managed care controls in place that other plans did. This year, Health Service Board (HSB) voted to realign cost to what the actuarial cost of the plan is, and, in addition, not to subsidize Plan 1 due to a significant decrease in net assets.

The purpose of the HSS Trust Fund is to cover all possible liability stemming from medical claims for Plan 1 and premiums due to other providers. In addition, the Health Service Board is charged to ensure that contributions are adequate to support the cost of medical care to our members. This year the HSB had an independent outside actuary review the plans and calculate the rates for City Plan 1 as well as suggest plan design changes.

The City Health Plan is a self-insured plan, which means it is funded entirely through premiums. In the past few years, Plan 1 paid out more in claims than were received in premiums. The driving factor in the rise is attributed to high utilization in various areas, such as catastrophic illnesses, renal dialysis, growth in technology, prescription drugs, etc. This year Plan 1 had 50 catastrophic cases that exceeded \$6 million in medical claims. All of these services, by themselves, are very expensive. There has also been a structural backlash by providers.

This week the CALPERS Board announced the rate increases for their Health Maintenance Organizations (HMOs). The plan costs will rise 9.8% overall, with the highest increase for Kaiser at 11.7%. I feel quite certain that next year's rates will also escalate for HSS.

In response to your query regarding what steps the Health Service Board is taking to address the rising Plan 1 costs, Health Services is:

- Implementing plan design changes which will lower the projected higher premium by \$50/month.
- Changing the preferred provider/pharmacy benefit management vendors to maximize efficiency.
- Attempting to control prescription costs by reducing unnecessary purchases of prescriptions; implement mandatory generics where available, emphasize mail order services for maintenance drugs, implement Drug Utilization Review, and consistent copays for 30-day supply instead of 90-day supply.
- Discontinue the practice of additional subsidies from Trust Fund interest/principal or cost shifting, which in the past gave a false sense that health costs were free since it significantly reduced members' health deduction.

The steps the HSB implemented are needed to keep the City Plan viable. In fact, the premiums charged by the Plan are based on the previous year's activity - what truly was the cost to run the Plan, along with the medical inflation trend factor. The major changes affecting employees and retirees this year is that the HSS Trust Fund will not subsidize the premiums this year.

If you need any additional information, please feel free to contact me.

Respectfully submitted,

Ann Sommercamp
Ann Sommercamp
Deputy Director, Human Resources
Health Service System

AS:frm
Budget521

Item 4 – File 99-0871

Department: Department of Public Health (DPH)

Item: Supplemental Appropriation in the amount of \$19,187,662 for San Francisco General Hospital (SFGH).

Amount: \$19,187,662

Source of Funds: General Fund Reserve

Description: The projected budget deficit for all of the Department of Public Health, including the Community Health Network and Population, Health and Prevention, was first reported by the Controller in his six month report, issued on February 9, 1999. The actual current total projected deficit for SFGH is \$27,096,716 resulting from a total revenue shortfall of \$30,613,611 less expenditure savings of \$3,516,895. However, this deficit is offset by net savings in other Divisions of the DPH amounting to \$7,909,054 thereby reducing the overall projected DPH deficit to \$19, 187,662. Net General Fund savings from the other Divisions of DPH will be transferred to SFGH at the close of Fiscal Year 1998-99 to make up for the total SFGH deficit.

The following table shows projected surpluses and deficits for the various divisions of DPH.

	Surplus (Deficit)
<u>COMMUNITY HEALTH NETWORK</u>	
San Francisco General Hospital	\$(27,096,716)
Laguna Honda Hospital	(5,599,962)
Primary Care	845,994
Forensics	<u>0</u>
Community Health Network Subtotal	\$(31,850,684)
<u>POPULATION, HEALTH AND PREVENTION</u>	
Central Administration	\$ (90,251)
Community Health	1,525,236
Mental Health	2,424,195
Substance Abuse	<u>3,203,880</u>
Population, Health and Prevention Subtotal	<u>\$ 7,063,060</u>
Total Deficit	\$(24,787,624)
Previously Approved Laguna Honda Hospital Supplemental Appropriation	<u>5,599,962</u>
Total Department of Public Health Remaining Deficit	\$(19,187,662)

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BUDGET ANALYST

Detailed projections for each of the DPH Divisions summarized in the table above are shown below.

Division	REVENUES			EXPENDITURES			TOTAL
	Revised Budget	Current Projection	Surplus/ (Deficit)	Revised Budget	Current Projection	Surplus/ (Deficit)	Surplus/ (Deficit)
Community Health Network							
SFGH	\$465,651,795	\$435,038,184	\$ (30,613,611)	\$465,651,795	\$462,134,900	\$ 3,516,895	\$ (27,096,716)
Laguna Honda	121,942,175	114,176,983	(7,765,192)	121,942,175	119,776,945	2,165,230	(5,599,962)
Primary Care	44,994,719	42,299,280	(2,695,439)	44,994,719	41,453,286	3,541,433	845,994
Forensics	22,157,197	22,124,138	(33,059)	22,157,197	22,124,138	33,059	0
Subtotal	654,745,886	613,638,585	(41,107,301)	654,745,886	645,489,269	9,256,617	(31,850,684)
Population Health & Prevention							
Central Admin	19,168,863	19,197,432	28,569	19,168,863	19,287,683	(118,820)	(90,251)
Community Health	56,848,151	56,100,795	(747,356)	56,848,151	54,575,559	2,272,592	1,525,236
Mental Health	156,501,384	151,869,399	(4,631,985)	156,501,384	149,445,204	7,056,180	2,424,195
Substance Abuse	48,902,722	49,639,222	736,500	48,902,722	46,435,342	2,467,380	3,203,880
Subtotal	281,421,120	276,806,848	(4,614,272)	281,421,120	269,743,788	11,677,332	7,063,060
Subtotal DPH	936,167,006	890,445,433	(45,721,573)	936,167,006	915,233,057	20,933,949	(24,787,624)
LHH Supplemental	0	5,599,962	5,599,962	0	0	0	5,599,962
Total DPH	936,167,006	896,045,395	(40,121,611)	936,167,006	915,233,057	20,933,949	(19,187,662)

The Attachment to this report provides a detailed description of the surpluses or deficits in each DPH Division and the programs that were affected.

This is the third Supplemental Appropriation that has been submitted for DPH this year. Prior Supplemental Appropriations are listed below:

Mental Health - File 99-0404 (Finally Approved April 26, 1999)	\$ 1,158,352
Laguna Honda Hospital - File 99-0506 (Finally Approved May 10, 1999)	5,599,962
This Proposed Supplemental Appropriation	19,187,662
Total General Fund Supplemental Appropriations	\$ 25,945,976

Comments: 1. The Budget Analyst has reviewed FY 1998-99 detailed revenue projections for SFGH. The projected revenue shortfall of \$30,613,611 is largely comprised of certain one time deficits due to prior year Federal audit adjustments which disallowed Medicare claims during prior years totaling \$5.3 million. Additionally, SFGH has had a higher than anticipated patient census comprised of medically indigent individuals, with no medical coverage or MediCal eligibility that result in no revenue to SFGH. This has resulted in the diversion of MediCal eligible persons, that do produce revenue for SFGH, to other hospitals in the City. Ms. Monique Zmuda anticipates that the ongoing net

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revenue impact, after adjustments for rate changes and other revenue increases, will be a reduction in SFGH revenue of approximately \$17.0 million in FY 1999-2000.

2. Based on these recent SFGH revenue trends and normal increases to SFGH expenditures, it is highly likely that future year SFGH budgets will require significantly greater General Fund support to maintain service levels. The SFGH original FY 1998-99 budget included a General Fund subsidy of \$13,720,000. This supplemental appropriation of \$19,187,662 increases the General Fund subsidy by 139.8 percent to a total of \$32,907,662. However, if offsetting net savings totaling \$7,909,054 in other Divisions of Public Health had not been achieved, the increased General Fund subsidy for SFGH would be \$27,096,716, or an increase of 197.5 percent.

3. The Budget Analyst has reviewed the DPH deficit projections and the supporting detailed revenue projections for SFGH. Based on the financial information submitted by the DPH, the Budget Analyst concurs with the projected DPH deficit of \$19,187,662.

Recommendation: Approve the proposed supplemental appropriation.

Projected FY 1998-99 Year-End Surplus/Deficit

Division	REVENUES			EXPENDITURES			TOTAL
	Revised Budget	Current Projection	Surplus/ (Deficit)	Revised Budget	Current Projection	Surplus/ (Deficit)	Surplus/ (Deficit)
Community Health Network							
SFGH	\$465,651,795	\$435,038,184	\$ (30,613,611)	\$465,651,795	\$462,134,900	\$ 3,516,895	\$ (27,096,716)
Laguna Honda	121,942,175	114,176,983	(7,765,192)	121,942,175	119,776,945	2,165,230	(5,599,962)
Primary Care	44,994,719	42,299,280	(2,695,439)	44,994,719	41,453,286	3,541,433	845,994
Forensics	22,157,197	22,124,138	(33,059)	22,157,197	22,124,138	33,059	0
Subtotal	654,745,886	613,638,585	(41,107,301)	654,745,886	645,489,269	9,256,617	(31,850,684)
Population Health & Prevention							
Central Admin	19,168,863	19,197,432	28,569	19,168,863	19,287,683	(118,820)	(90,251)
Community Health	56,848,151	56,100,795	(747,356)	56,848,151	54,575,559	2,272,592	1,525,236
Mental Health	156,501,384	151,869,399	(4,631,985)	156,501,384	149,445,204	7,056,180	2,424,195
Substance Abuse	48,902,722	49,639,222	736,500	48,902,722	46,435,342	2,467,380	3,203,880
Subtotal	281,421,120	276,806,848	(4,614,272)	281,421,120	269,743,788	11,677,332	7,063,060
Subtotal DPH	936,167,006	890,445,433	(45,721,573)	936,167,006	915,233,057	20,933,949	(24,787,624)
LHM Supplemental	0	5,599,962	5,599,962	0	0	0	5,599,962
Total DPH	936,167,006	896,045,395	(40,121,611)	936,167,006	915,233,057	20,933,949	(19,187,662)

COMMUNITY HEALTH NETWORK

San Francisco General Hospital: Current projections show a year-end shortfall of \$27,096,716.

Revenues are projected to be \$30,613,611 under budget due to:

- a \$1,800,000 combined deficit for Short Doyle and Short Doyle Medi-Cal revenues due to lower than expected reimbursement for acute inpatient psychiatric services;
- a \$8,998,316 surplus in Medi-Cal revenues due to higher than expected MAA/TCM revenues (\$4.1 million) and other Medi-Cal revenues (\$4.9 million). A portion of this revenue surplus is offset by the shortfall associated with uncollectible accounts;
- a \$11,558,149 deficit in Medicare revenues primarily resulting from additional contractual allowances and reductions in current year revenues for current and prior year audit adjustments. Contractual allowances are reductions to revenues reflecting actual reimbursement rather than patient charges;
- a \$14,025,821 deficit in patient revenues based on year-to-date actual revenue;
- a \$5,524,035 surplus in miscellaneous revenues primarily due to capitation fees which are posted to this account;
- a \$2,248,008 surplus from higher than anticipated Realignment revenue (\$3.1 million) offset by reduce Prop 99 revenues (-\$851,992); and
- a \$20,000,000 shortfall in revenues associated with uncollectible accounts.

Expenditures are projected to be under budget by \$3,516,895 due to:

- a \$1,077,932 deficit from salaries and fringe benefits resulting from increased per diem and overtime expenditures to provide for high patient census that is above the level budgeted;
- a \$2,250,000 deficit in contractual expense primarily due to increased expenses for UC (-\$1.2 million) and additional work order expenses (-\$1.7 million) offset by

SOURCE: DEPARTMENT OF PUBLIC HEALTH REVENUE AND EXPENDITURE REPORT
MAY 4, 1999

expenditure savings in marketing (\$650,000). Work order expenses will be offset by an equivalent work order recovery;

- a \$700,000 surplus in materials and supplies based on actual year-to-date expenses;
- a \$3,444,827 surplus in equipment expense due to:
- savings in prior year expenses carried forward (\$1,643,000);
- deferred equipment (\$405,000);
- lower than expected equipment lease payments (\$267,827);
- equipment that will be lease financed (\$507,000);
- deferred capital (\$150,000); and
- the close out of capital balances (\$472,000);
- a \$2,700,000 savings in miscellaneous expenses due to savings from delayed start up of the IHSS insurance program (\$3.5 million) offset by additional workers' compensation expense (-\$0.8 million).

Laguna Honda Hospital: Current projections show no year-end surplus or deficit, assuming approval of \$5.6 million in General Funds contained in a supplemental appropriation request. The \$5.6 million is the estimated amount that the Board of Supervisors will approve.

Revenues are projected to be \$7,765,192 below budget due to:

- a \$7,343,128 deficit in Medi-Cal revenues primarily due to reduced census necessary to comply with the Plan of Correction;
- a \$1,091,224 deficit in Medicare revenues primarily due to reduced acute admissions and reduced SNF census;
- a \$704,470 surplus in patient revenues due to higher than expected volume of self pay patients; and
- a \$35,310 deficit in other miscellaneous revenues primarily due to a decrease in cafeteria meal sales.

Expenditures are projected to be under budget by \$2,165,230 due to:

- a \$1,826,073 savings from salaries and fringe benefits resulting from increased salary savings due to attrition;
- a \$75,000 deficit in contractual expense resulting from unbudgeted facility planning expenses;
- a \$350,000 deficit in materials and supplies due to additional purchases to comply with the Plan of Correction;
- a \$250,000 savings in equipment as a result of deferred purchases;
- a \$514,157 surplus in miscellaneous expenses from capital (\$1,144,000) offset by additional legal fees and workers compensation expense (-\$629,843). The surplus from capital assumes savings from the roof replacement project (\$1,201,000), the psych cohort unit (\$400,000) offset by additional facilities maintenance expense for DOJ interim measures (-\$457,000).

Primary Care: Current projections show a year-end surplus of \$845,994

Revenues are projected to be \$2,695,439 under budget due to:

- a \$3,765,823 deficit in Medi-Cal primarily due to lower than expected FQHC revenue;
- a \$801,553 surplus in Medicare resulting from increased patient volume;
- a \$39,948 surplus in Patient revenues;
- a \$228,883 surplus in miscellaneous revenues based on actual year-to-date revenues received.

Expenditures are projected to be under budget by \$3,541,433 due to:

- a \$1,605,410 surplus from salaries and fringe benefits resulting from the hiring freeze imposed in the Fall;
- a \$1,920,000 surplus due to savings in deferred capital (\$1.5 million) and equipment (\$0.4 million) included in the Department's expenditure reduction plan; and
- a \$16,023 surplus in miscellaneous expenses.

Forensics: Current projections show no year-end surplus or deficit.

Revenues are projected to be \$33,059 under budget due to:

- a \$5,000 surplus in miscellaneous revenues; and
- a \$38,059 deficit in other resulting from work order recoveries that will be offset by equivalent expenditure savings.

Expenditures are projected to be under budget by \$33,059 due to:

- a \$36,442 savings from salaries and fringe benefits based on actual year-to-date personnel expense and reduced work order expenses;
- a \$84,457 savings in contractual expense;
- a \$358,591 deficit in materials and supplies primarily due to increased expense for pharmaceuticals; and
- a \$270,751 savings in miscellaneous expenses primarily due to deferred equipment purchases.

POPULATION HEALTH AND PREVENTION

Central Administration: Current projections show a year-end deficit of \$90,251.

Revenues are projected to be \$28,569 over budget due to:

- a \$29,146 surplus in Medi-Cal revenues primarily from prior year revenues; and
- a \$577 deficit in miscellaneous revenues.

Expenditures are projected to be over budget by \$118,820 due to:

- a \$266,820 deficit from salaries and fringe benefits based on actual year-to-date personnel expense;
- a \$16,000 surplus in materials & supplies;
- a \$60,000 surplus in equipment; and
- a \$72,000 surplus in other miscellaneous expenses primarily due to deferred capital (\$50,000) that is included in the Department's expenditure reduction plan.

Community Health: Current projections show a year-end surplus of \$1,525,236.

Revenues are projected to be \$747,356 under budget due to:

- a \$466,245 surplus in Medi-Cal revenues primarily resulting from higher than expected revenues from the CCS program in Maternal and Child Health;
- a \$49,703 surplus in Medicare revenues primarily from the TB clinic;
- a \$341,322 deficit in patient revenues primarily from the CCS program that will be offset by expenditure savings for contractual services;
- a \$619,767 deficit in miscellaneous revenues due to lower than expected fee revenues from BEHM; and
- a \$302,215 deficit in work order recoveries that will be offset by an equivalent expenditure savings in salaries.

Expenditures are projected to be under budget by \$2,272,592 due to:

- a \$1,170,684 savings from salaries and fringe benefits based on actual year-to-date personnel expense;
- a \$992,908 surplus in contractual services from the CCS program
- a \$31,000 surplus in materials and supplies; and
- a \$78,000 surplus in miscellaneous expenses.

Mental Health: Current projections show a year-end surplus of \$2,424,195. This assumes approval of \$1.1 million in General Funds for a supplemental appropriation to offset increased pharmacy expenses.

Revenues are projected to be \$4,631,985 below budget due to:

- a \$213,000 surplus in Short-Doyle revenue;
- a \$2,300,000 deficit in Short-Doyle Medi-Cal revenue for acute psychiatric services at SFGH (-\$1.8 million) and for the EPSDT program (-\$0.5 million). Both of these revenue shortfalls will be offset by expenditure savings;
- a \$1,188,000 deficit in Medi-Cal revenue primarily due to delays in opening the adolescent Mental Health Rehabilitation Facility (-\$0.7 million) and less than anticipated revenue for pharmaceuticals (-\$0.5 million). The revenue loss associated with delays in opening the MHRF will be offset by savings in contractual services expense;
- a \$1,000,000 deficit in Medicare revenues resulting from lower than expected reimbursement;
- a \$63,649 deficit in Patient revenues;
- a \$249,288 deficit in miscellaneous revenues based on actual year-to-date revenues; and
- a \$44,048 deficit in work order recoveries that will be offset by equivalent expenditure savings.

Item 5 - File 99-0803

Note: This item was continued by the Finance and Labor Committee at its meeting of May 12, 1999.

Department: Recreation and Park Department (RPD)

Item: Resolution authorizing and approving a management agreement by and between the City and County of San Francisco and U.S. Parking, Inc., for U.S. Parking Inc. to operate Kezar Parking Lot located at Stanyan and Frederick Streets.

Location: Stanyan and Frederick Streets

Purpose of Management Agreement: To provide for the operation of a City-owned surface parking lot with a capacity of 341 vehicles.

No. of Sq. Ft.: 107,440 square feet

Description: The proposed subject management agreement between the Recreation and Park Department (RPD) and U.S. Parking, Inc. would authorize U.S. Parking, Inc. to operate the Kezar Parking Lot, a City-owned property, accommodating 341 vehicles at Stanyan and Frederick Streets.

The current lessee, City Parking Company, has been operating the Kezar Parking Lot on a month-to-month basis since their 5-year lease agreement with the Recreation and Park Department expired on May 31, 1992. According to Mr. Chris Mack of the Recreation and Park Department, based on 12.5% of monthly revenues of up to \$16,167 and 10.57% of monthly revenues over \$16,167, City Parking Company paid the RPD approximately \$60,000 annually in rent during Fiscal Year 1997-1998 under the existing month-to-month lease agreement. The budgeted annual rental payment to the City for Fiscal year 1998-1999 is \$60,000, according to Mr. Mack.

This subject resolution would authorize a management agreement, as opposed to a lease agreement. As noted above, under the existing lease agreement, the City Parking paid RPD rent in the form of a percentage of monthly gross revenues. Under the proposed management agreement, all parking revenues from the Kezar Parking Lot would be

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deposited daily into an account controlled by the City and, from that account, RPD would pay U.S. Parking Inc. a fixed monthly management fee of \$17,021 for the operation of the parking lot. Mr. Mack reports that, per the proposed management agreement, U.S. Parking would also provide approximately \$55,000 in capital improvements to the lot including an attendant shelter, state-of-the-art ticket dispensing, card readers, and revenue collection/monitoring equipment. Under this management agreement, the City would keep all of the revenues instead of receiving a percentage of gross revenues.

Estimated Annual

Revenues: \$240,000 (\$20,000 per month) under existing rates.
\$492,288 (\$41,024 per month) under proposed rates.
(See Comment No. 2 below)

Increase in Annual

Revenues: \$180,000 under existing rates.
\$432,288 under proposed rates. (see Comment No. 2 below)

Term of Agreement: Five years, commencing on the first day of the month immediately following the Board of Supervisors approval of the proposed lease. In addition, on and after the 30-month anniversary of the effective date of the subject management agreement, RPD would have the right to terminate the subject agreement, with or without cause, with at least 180 days written notice.

Right of Renewal: None.

**Insurance
Provision:**

U.S. Parking, Inc. would be required to maintain Garage Liability and Garage Keeper's Insurance with a limit of not less than \$1,000,000, in addition to Workers Compensation, Comprehensive General Liability and Comprehensive Automobile Insurance.

Comments: 1. On November 10, 1998, the Department of Real Estate issued an Invitation for Bids (IFB) to operate the Kezar Parking Lot and received eight bids on December 17, 1998. The Attachment to this report, provided by the RPD, lists the eight companies that responded to the IFB and the bid submitted by each. The bid amounts represent the monthly management fee payable by RPD to the parking operator. As

noted in the Attachment, U.S. Parking, Inc. submitted the lowest monthly management fee bid of \$17,021.

2. According to Mr. Mack, the subject management agreement would increase annual revenues from the Kezar Parking Lot by \$180,000 annually from the \$60,000 in revenue budgeted for FY 1997-98 to annual revenues of \$240,000 based on existing parking rates, an increase of 300 percent. This increase results simply because the RPD will receive all parking revenues and pay a management fee for operation of the parking lot instead of receiving a percentage rent based on a lease agreement that began in 1987 and expired in 1992.

3. According to Mr. Mack, RPD will provide improvements to the lot including re-surfacing, striping, and installation of bike lockers in the first year of the subject management agreement and that such improvements are estimated to cost \$25,000.

4. Section 7.1 of the proposed management agreement contains the following language:

"Manager [of the Kezar Parking Lot] shall retain the personnel employed at the [Kezar Parking] Lot by the prior Manager who have a minimum of six (6) months service at the [Kezar Parking] Lot unless any such personnel are terminated for just cause. Notwithstanding the foregoing, if Manager has a collective bargaining agreement with its employees, such retained personnel shall be subject to the termination provisions under such collective bargaining. In the event Manager retains personnel employed at the [Kezar Parking] Lot by the prior Manager for more than sixty (60) days from the commencement of this Management Agreement, such personnel shall carry with them all the seniority, vacation and pension rights accumulated during their employment by the prior Manager and shall be carried on the books of Manager as of the service starting date of the prior Manager."

Mr. Joel Robinson of RPD states that Section 7.1 of the proposed management agreement will be fully enforced by RPD.

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5. Item 6, File 99-0857 in this report to the Finance and Labor Committee is a companion ordinance to increase the parking rates at the Kezar Parking Lot.

Recommendation: Approve the proposed resolution.

KEZAR PARKING LOT BID RESULTS

December 17, 1998

HRC approval

1. US Parking, Inc.	\$17,021.00	No YES
2. City Parking Co.	18,700.00	Yes
3. On-Line Parking	19,551.00	No
4. Danas Parking	19,710.61	Yes
5. Parking Concepts, Inc.	22,498.00	No
6. Pacific Park Management	22,747.04	Yes
7. ABC Parking/THOR	23,888.00	Yes
8. Chu Fung and Daniel Seid	24,288.00	Yes

Item 6 - File 99-0857

- Department:** Recreation and Park Department (RPD)
- Item:** Ordinance amending the San Francisco Park Code by adding Section 12.08 revising parking rates at the Kezar Parking Lot located at Stanyan and Frederick Streets (see Comment No. 4).
- Description:** The proposed ordinance would increase parking rates at the Kezar Parking Lot, a City-owned property located at Stanyan and Frederick Streets which accommodates approximately 341 vehicles. This subject lot is approximately 107,440 square feet.
- According to Mr. Chris Mack of the Recreation and Park Department (RPD), the current parking rates at the subject parking lot have been in effect since September 1991, almost 8 years. The proposed ordinance would increase parking rates between 0% and 140% as shown in Attachment I provided by RPD.
- Comments:**
1. According to Mr. Mack, RPD based the proposed parking rate increases on the parking rates charged at the only parking lot that RPD considers comparable to the subject parking lot. Attachment II, provided by Mr. Mack, lists the parking rates at these two lots. Mr. Mack further explains that RPD is proposing these rate increases in conjunction with a proposed new management agreement for the operation of the subject parking lot (see Item 1 File 99-0803 of this report to the Finance & Labor Committee).
 2. Mr. Mack reports that the proposed hourly rate for 2-3 hours of parking is incorrectly listed on the proposed ordinance as \$4.50 instead of \$3.00 and that the hourly rate for 3-4 hours of parking was inadvertently not included in the proposed ordinance. Accordingly, line 18 of the proposed ordinance should be amended to read, "2-3 hours \$3.00" instead of \$4.50 and a new line should be inserted after line 18 that reads, "3-4 hours \$4.50".
 3. According to Mr. Mack, the total estimated annual parking revenues to be realized by the City from the existing parking rates under the proposed new management agreement are \$240,000 (see Item 5, File 99-0803 of this

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report to the Finance and Labor Committee). Mr. Mack explains that approval of the revised parking rates under the subject proposed ordinance would result in estimated increased annual parking revenues of \$252,288, or a 105% increase, thereby resulting in total estimated annual parking revenues of \$492,288.

4. According to Ms. Miriam Morely of the City Attorney's Office, the current parking fees charged at the Kezar Parking Lot are not included in Administrative Code because, prior to the 1996 Charter, Board of Supervisors approval was not required for parking fees established by the Recreation and Park Department. Ms. Morely clarifies that the current Kezar Parking Lot parking fees were established before 1996 and that the proposed ordinance would amend the Park Code by adding a new section containing the proposed parking fees for the subject parking lot.

Recommendations: 1. In accordance with Comment No. 2 above, amend line 18 of the proposed ordinance to read, "2-3 hours \$3.00" instead of \$4.50, and insert a new line after line 18 that reads, "3-4 hours \$4.50".

2. Approval of the proposed ordinance, as amended, is a policy decision for the Board of Supervisors.

Kezar Current and Proposed Rate w/Increases

Category	Current Rate	Proposed Rate	Increase In Rate	Increase of Proposed Rates Over Current Rates
0 - 1 hour	\$ 1.00	\$ 1.00	\$ 0.00	0%
1 - 2 hours	\$ 1.75	\$ 2.00	\$ 0.25	14%
2 - 3 hours	\$ 2.75	\$ 3.00	\$ 0.25	09%
3 - 4 hours	\$ 4.00	\$ 4.50	\$ 0.50	12%
4 - 5 hours	\$ 4.50	\$ 6.00	\$ 1.50	33%
5 - 12 hours	\$ 5.00	\$ 8.00	\$ 3.00	60%
Overnight	\$ 5.00	\$ 12.00	\$ 7.00	140%
Special Event	\$ 3.00	\$ 5.00	\$ 2.00	67%
Monthly Residential	\$ 55.00	\$ 85.00	\$30.00	54%
Monthly Commercial 5 days/week	\$100.00	\$125.00	\$25.00	25%
Monthly Commercial 7 days/week	\$125.00	\$135.00	\$10.00	8%
Monthly Senior/Disabled	\$ 15.00	\$ 35.00	\$20.00	133%
Lost Ticket Fee	\$ 3.00	\$ 3.00	\$ 0.00	0%
Validated Ticket Books	\$ 75.00	\$ 75.00	\$ 0.00	0%

APPENDIX

Comparison of Hourly Rates

Number of Hours	Current Kezar	Proposed Kezar	UCSF Med. Center Garage	Per Cent Increase from Current Kezar to Proposed Kezar.
0 to 1	\$1.00	\$1.00	\$2.00	0%
1 to 2	\$1.75	\$2.00	\$4.00	14.30%
2 to 3	\$2.75	\$3.00	\$6.00	9.10%
3 to 4	\$4.00	\$4.50	\$8.00	12.50%
4 to 5	\$4.50	\$6.00	\$10.00	33.30%
5 to 6	\$5.00	\$8.00	\$12.00	60.00%
6 to 7	\$5.00	\$8.00	\$16.00	60.00%
7 to 8	\$5.00	\$8.00	\$16.00	60.00%
8 to 9	\$5.00	\$8.00	\$16.00	60.00%
9 to 10	\$5.00	\$8.00	\$16.00	60.00%
10 to 11	\$5.00	\$8.00	\$16.00	60.00%
11 to 12	\$5.00	\$8.00	\$16.00	60.00%
Over Night (24 Hours)	\$5.00	\$12.00	\$16.00	140.00%

Monthly Rates

Residential Per Month (Within 3 Blocks of the Lot.)	\$55.00	\$85.00	Limited*	\$4.55%
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*\$7.00/Month, 5 pm to 8 am rate,
no limit on Weekends & Holidays.
Regular rate 8 am to 5 pm

Commercial Per Month (Outside 2 Blocks of the Lot).				
5 days/week usage	\$100.00	\$125.00	N/A	25%
7 days/week usage	\$125.00	\$135.00	N/A	8%
Senior/Disabled	\$15.00	\$35.00	Free*	133%

*24 Hrs/Day,
365 days a Year.
Only for Disabled.

Other Rates

Book of 100 1 hr Validation Stickers	\$75.00	\$75.00	N/A	0%
Special Event	\$3.00	\$5.00	N/A	67%

Note: UC is a covered garage. Kezar is an uncovered lot.
Comparables 2

Item 7 - File 99-0870

Department: Public Utilities Commission (PUC)

Item: Supplemental appropriation ordinance in the amount of \$1,020,700 from unappropriated fund balances in the Water Fund, Hetch Hetchy Fund, and Clean Water Fund to pay for the establishment and implementation of a Year 2000 (Y2K) embedded system compliance program for the PUC, providing for retroactivity.

Amount: \$1,020,700

Source of Funds:	\$ 606,006	Water Fund balance
	236,968	Hetch Hetchy Fund balance
	<u>177,726</u>	Clean Water Fund balance
	\$1,020,700	Total

Description: The proposed ordinance would appropriate unappropriated fund balances in the Water Fund, Hetch Hetchy Fund, and Clean Water Fund in the amount of \$1,020,700 to pay for the establishment and implementation of the Public Utilities Year 2000 (Y2K) Embedded System Compliance Program. According to Ms. Carolyn Olsen of the PUC, the PUC's utility services have a variety of embedded computerized systems that use time sensitive integrated electronic chips to monitor and control the equipment. The Y2K Embedded System Compliance Program is designed to identify and address any problems that could lead to system malfunction and failure in the PUC's water transmission, treatment and distribution, power generation and transmission, and wastewater collection and treatment systems.

According to Ms. Olsen, the initial phase of the Y2K Embedded System Compliance Program was funded through a \$460,000 reallocation of funds from the PUC's FY 1998-99 capital budget. The PUC is now requesting a total of \$1,020,700 in order to (1) replenish the \$460,000 previously expended from the PUC's FY 1998-99 capital budget and (2) spend an additional \$560,700 to continue the Y2K program through its completion in December of 2000. Ms. Olsen reports that the \$460,000 was reallocated from the following three capital projects: (1) \$100,000

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from Hetch Hetchy Power System's Control and Data Acquisition (SCADA) project; (2) \$300,000 from the Water Supply and Treatment Division's Rehabilitation and Upgrade of the Water Treatment Facilities and (3) \$60,000 from the City Distribution System's Standby Generators. Ms. Olsen advises that \$317,591 of the \$460,000 was expended on the Y2K Embedded System Compliance Program prior to appropriation approval by the Board of Supervisors because the PUC determined that the Y2K project was vital to the PUC's operations and it would not be completed prior to January 1, 2000, if work were postponed until the subject supplemental appropriation was approved.

Budget:

The PUC reports that the total requested supplemental appropriation of \$1,020,700 for the Y2K Embedded System Compliance Program includes staff and remediation costs of \$580,019 and consultant fees of \$440,681. The Attachment, provided by the PUC, contains a summary budget for the total estimated project cost of \$1,020,700. The Budget Analyst has reviewed additional budget details provided by the PUC to support this request.

Comments:

1. Ms. Olsen advises that the consultant selected for the Y2K Embedded System Compliance Program is OCC/SOHA, a joint venture. Ms. Olsen reports that OCC/SOHA was selected from an "as needed" engineering pool that PUC currently maintains with ten engineering services firms. According to Ms. Olsen, the PUC uses a competitive Request for Proposal process to select the "as needed" contractors. The PUC decided to use the existing "as needed" contractors for this Y2K project because Ms. Olsen reports that the PUC determined that a new RFP process would take approximately six months to complete, which would not allow sufficient time to undertake the Y2K project prior to January 1, 2000. Ms. Olsen states that the reason for selecting OCC/SOHA over the other nine firms included in the PUC "as needed" pool of engineering services firms is due to their expertise and availability.

2. The Board of Supervisors previously appropriated \$500,000 in both FY 1997-1998 and 1998-1999, for a total

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of \$1,000,000, for Year 2000 compliance expenditures. These appropriations included expenditures for the City's payroll system (\$247,000), the Health Services System (\$186,000), the Mayor's Emergency Telephone System (\$65,000), the Court Management System (\$126,000), a contract to assess the City's exposure to non-compliant micro-chips in vehicles, elevators, medical equipment and other devices (\$25,000) and various smaller projects (\$351,000). In January of 1999, the Board of Supervisors appropriated funds to create a Year 2000 team to provide technical assistance, monitoring, testing and implementation of Year 2000 compliance requirements (\$979,000). Finally, in April 1999 the Board of Supervisors appropriated funds for the replacement of the Department of Building Inspection's network equipment, upgrading of software and hardware, and integration of the Department's Permit Tracking and Issuance System (\$1,490,724) and to the Department of City Planning for new Year 2000 compliant equipment, software and upgrades (\$491,530). Therefore, to date, a total of \$3,961,254 has been appropriated for Year 2000 compliance expenditures.

The table below summarizes total Year 2000 compliance expenditures to date:

Fiscal Year 1997-1998 and 1998-1999	
Expenditures	\$1,000,000
January 1999 Supplemental Appropriation (File 98-2130)	979,000
April 1999 Supplemental Appropriation (File 99-0667)	1,490,724
April 1999 Supplemental Appropriation (File 99-0668)	<u>491,530</u>
Total to date	\$3,961,254

With the approval of the subject requested supplemental appropriation of \$1,020,700, expenditures for Year 2000 compliance would total \$4,981,954.

3. According to Mr. Matthew Hymel of the Mayor's Budget Office, any additional requests for Year 2000 compliance expenditures for other City departments will be included in the City's Fiscal Year 1999-2000 budget.

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Such expenditures will be analyzed by the Budget Analyst during the FY 1999-2000 budget review.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors because the PUC has already expended approximately \$317,591 of previously allocated funds to other capital improvement projects for this Y2K project without first obtaining approval from the Board of Supervisors.

PUC Y2K EMBEDDED SYSTEM COMPLIANCE PROGRAM

REVISED BUDGET

(4/30/99)

	ORIGINAL BUDGET	SPENT-TO-DATE AS OF 4/30/99	ESTIMATE TO COMPLETE	REVISED BUDGET
PUC	\$2,325,099	\$121,910	\$458,109	\$580,019
STAFF	325,099	121,910	327,509	449,419
REMEDATION*	2,000,000	0	130,600	130,600
CONSULTANTS	\$705,546	\$195,681	\$245,000	\$440,681
OCC	283,668	81,981	245,000	326,981
Y2K SPECIALIST	421,878	113,700	0	113,700
TOTAL	\$3,030,645	\$317,591	\$703,109	\$1,020,700

The Estimate to Complete Remediation includes \$28,000 in specific remediation costs and \$102,600 in estimated remediation costs based on 10% of the Suspect items at \$1000/item.

Item 8 - File 99-0934

Department: Department of Children, Youth and Families

Item: Supplemental appropriation ordinance in the amount of \$150,000 of General Fund monies to fund the New Conservatory Theatre Center to provide arts and health education programs for youth.

Amount: \$150,000

Source of Funds: General Fund Reserve

Description: The New Conservatory Theatre Center is a non-profit professional theatre arts school for youth ages 4-19 and performing arts complex located at 25 Van Ness Avenue. The proposed ordinance would appropriate \$150,000 of General Fund monies to the New Conservatory Theatre Center to fund personnel, program, and rental costs. Attachment I provided by the New Conservatory Theatre Center provides descriptions of the programs which would receive funding under this request.

Budget: Attachment II, provided by the New Conservatory Theatre Center, contains budget details for this \$150,000 request. Attachment III provided by the Center contains the Center's original overall FY 1998-99 budget and funding sources, which reflects a net income of \$18,590.

Comments:

1. According to Mr. George Vanberg-Wolff of New Conservatory Theatre Center, the Center's fiscal year runs from September 1, 1998 to August 30, 1999. Mr. Vanberg-Wolff has provided Attachment IV of this report which represents that, as of February 28, 1999 (the first six months of the Center's FY 1998-99), the Center had a shortfall of \$83,416. Therefore, according to Mr. Vanberg-Wolff, the New Conservatory Theatre Center is projected to have a FY 1998-99 operating shortfall of approximately \$166,832 instead of an original projected net income of \$18,590.
2. According to Mr. Vanberg-Wolff, the subject supplemental appropriation request would be used to pay for \$150,000 of the latest shortfall of \$166,832, as

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projected by the Center. Mr. Vanberg-Wolff advises that the balance of \$16,832 (\$166,832 less \$150,000) would be made up by grants from the private sector. According to Mr. Vanberg-Wolff, the New Conservatory Theatre Center's deficit in FY 1998-99 is due to decreased private funding and increasing costs.

3. Mr. Vanberg-Wolff reports that the New Conservatory Theatre Center received \$50,000 from the City's Grants for the Arts Program for FY 1998-99. According to Mr. Vanberg-Wolff, such funds support non-youth related programs at the New Conservatory Theatre Center and the subject requested \$150,000 would fund youth-related programming which the Grants for the Arts funds do not support.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

THEATRE CENTER OVERVIEW — YOUTH PROGRAMS

HIV Touring Division

The New Conservatory Theatre Center's three theatre-in-education programs (*the Inner Circle* for teens, *Get Real!* for middle school children, and *Get Real Too!* for elementary school-aged audiences), have proven to be an effective intervention which reach 30,000 young people each season, including children and youth from the San Francisco Unified School District (SFUSD) and Local high Risk Youth Facilities. Since 1989, the New Conservatory Theatre Center HIV Touring Division has been an approved and well utilized program of the SFUSD School Health Programs. However, due to declining HIV Prevention funding trends in the United States, it has become increasingly difficult to underwrite AIDS education efforts primarily with foundation and corporate contributions. Although we have provided these programs to City and County of San Francisco for 10 years, we must now ask City and County of San Francisco to contribute in order to keep the programs in existence. City and County of San Francisco funding will ensure that these programs continue to augment the current Healthy Kid's curriculum for San Francisco's public school children and youth.

Elementary/Middle School Matinee Series

The New Conservatory Children's Theatre Company Elementary/Middle School Matinee Series produces subsidized theatre for public school audiences. Upwards of 15,000 elementary school children and their teachers in San Francisco enjoy productions that are both educational and entertaining. This high quality but low cost arts experience supports school curriculum and introduces young audiences to the world of theatre. Here, again, the New Conservatory Theatre Center must ask City and County of San Francisco to contribute to the costs associated with such programming or risk losing this program which has been provided to City and County of San Francisco school audiences for 15 years. City funding will support the live theatre experiences San Francisco public school children have grown to expect.

After-School Satellite Drama Programs

The After-School Satellite Drama Programs targeting San Francisco Elementary and Middle School children are filling the void left by severely reduced or eliminated arts programming in the schools. Conducted by New Conservatory Theatre Center's drama specialists, these programs take place throughout the City, and facilitate much needed after-school activities that ensure productive and positive opportunities for the children of San Francisco's many working parents. City funding will ensure the continued existence of these programs.

THEATRE CENTER OVERVIEW — YOUTH PROGRAMS

Youth Scholarship & Vocational Training/Employment Program for City Youth

Our *Youth Scholarship and Vocational Training/Employment Programs* are designed to provide young people with unique *life skill* learning experiences as students and as paid interns. The Youth Scholarship Program provides low-income kids ages 6-18 with financial aid enabling them to attend after-school and weekend arts training programs. The New Conservatory Theatre Center school-year and summer programs serve approximately 400 youth annually. The Vocational Training/Employment Programs teenage students "learn while they earn" minimum wage in areas that support the New Conservatory Theatre Center Training and Production Programs. 10 Youth are employed annually. City funding will also provide support for the ongoing New Conservatory Theatre Center youth arts training scholarships and employment programs.

City & County of San Francisco
 1998-99 Municipal Budget Line Item Request
 New Conservatory Theatre Center \$150,000 Supplemental Line Item Budget Request

Personnel:

Salaries:

Executive Director	15% of Salary	\$8,445
Conservatory Director	25% of Salary	6,500
Education Coordinator	25% of Salary	4,500
Business Manager	10% of Salary	2,000
Actors		5,750
Youth Interns		6,000
HIV Educator		3,750
Stage Manager		2,000
Stage Director		1,500
Teachers		8,250
Technicians/Stage Crew		2,000
Designers		<u>1,500</u>
	Subtotal	52,195

Payroll Taxes	7,829
Health Insurance	2,610
Workers' Comp Insurance	<u>1,566</u>

Total Salaries/Benefits **64,200**

Expenses:

Facility Rent	40,000
Production (Sets, lights, costumes, etc)	12,000
Touring Vehicles	5,000
Printing/Promotion	10,000
Royalties	1,000
Insurance	1,300
Postage	2,500
Telephone	3,000
Scholarships	<u>11,000</u>

Total Expenses **85,800**

GRAND TOTAL **\$150,000**

DESCRIPTION	BUDGET 98-99
INCOME:	
TUITION - REGULAR	\$ 45,000
TUITION - SUMMER	35,000
BOX OFFICE-SINGLE	175,000
BOX OFFICE-SUBSCRIBERS	25,000
CONCESSIONS	18,000
UNDER ONE ROOF	4,000
ROYALTIES	2,500
CONTRIBUTIONS-INDIVIDUALS	25,000
CONTRIBUTIONS-FOUNDATIONS	135,000
CONTRIBUTIONS-CORPORATIONS	70,000
CONTRIBUTIONS-CLUBS & ASSOC.	12,000
CONTRIBUTIONS-FEDERAL	12,500
CONTRIBUTIONS-STATE	3,500
CONTRIBUTIONS-CITY	54,000
SCHOLARSHIPS/INTERNS	10,000
SPECIAL EVENTS	7,000
BOARD DONATIONS	4,500
FACILITY RENTAL-MONTHLY	40,000
FACILITY RENTAL-PRODUCTIONS	55,000
INTEREST	<u>2,500</u>
TOTAL INCOME	\$735,500
EXPENSES:	
SALARY-EXECUTIVE DIRECTOR	\$ 56,000
SALARY-EDUCATIONAL PROG COORD	18,000
SALARY-TEACHERS	15,000
SALARY-CONSERVATORY DIRECTOR	26,000
SALARY-RESIDENT DIRECTOR	17,000
SALARY-AUDIENCE DEVELOPMENT	25,000
SALARY-TECHNICAL DIRECTOR	29,000
SALARY-BOX OFFICE MANAGER	22,500
SALARY-BOX OFFICE ASSISTANT(S)	12,000
SALARY-HOUSE MANAGER	10,000
SALARY-TECHNICAL ASSISTANT	12,500
SALARY-JANITORIAL	3,000
SALARY- ACTORS	31,500
SALARY-TOUR TECHNICIANS	3,000
SALARY-AIDS EDUCATOR	3,500
SALARY-STAGE MANAGERS	7,500
SALARY-STAGE CREWS	3,000
SALARY-TOUR DIRECTOR	<u>5,500</u>
TOTAL SALARIES	300,000

THE NEW CONSERVATORY THEATRE CENTER

DESCRIPTION	BUDGET 98-99
PAYROLL TAXES	36,000
INSURANCE-HEALTH	7,155
INSURANCE-W/C	<u>2,500</u>
TOTAL SALARIES & BENEFITS	<u>345,655</u>
FRISCO COMMUNICATIONS/MARKETING	6,000
PUBLICIST	6,000
DIRECTOR(S)	5,000
COSTUME DESIGNER(S)	2,600
SCENIC DESIGNER(S)	3,000
SOUND DESIGNER(S)	100
LIGHTING DESIGNER(S)	2,000
CATERING	1,500
LOAD-IN CREWS	2,000
PLAYWRIGHTS/ROYALTIES	8,000
BUSINESS MANAGER	19,000
AUDIT	<u>2,800</u>
TOTAL CONSULTANTS	<u>58,000</u>
RENT	157,989
TOUR VEHICLE RENTAL	4,000
STAFF DEVELOPMENT	2,000
PRODUCTION	35,000
SUPPLIES	15,000
GALLERY INSTALLATIONS	500
PRINTING & PROMOTION	35,000
TELEPHONE	6,500
TRAVEL	6,000
MEMBERSHIP/PUBLICATIONS	600
PAYROLL PROCESSING	2,000
POSTAGE	8,500
INSURANCE	6,316
CONCESSIONS	7,000
UNDER ON ROOF	1,500
FACILITY-MAINTENANCE	1,500
BANK CHARGES	3,500
DEPRECIATION	6,600
DEVELOPMENT FUND	3,750
SCHOLARSHIPS/INTERNS	<u>10,000</u>
TOTAL G&A EXPENSE	<u>313,255</u>
TOTAL EXPENSE	<u>716,910</u>
NET INCOME (LOSS)	<u>\$18,590</u>

NEW CONSERVATORY THEATRE CENTER

Income Statement-Consolidated

February 1999

	Feb '99	Sep '98 - Feb '99
Ordinary Income/Expense		
Income		
Tuition		
Tuition-Regular	6,696	30,134
Tuition-Satellite	1,033	5,262
Total Tuition	7,729	35,396
Special Events	0	11,547
Gross Box Office		
Box Office-Single	22,304	102,735
Box Office-Subscriber	0	4,600
Total Gross Box Office	22,304	107,335
Under One Roof-Income	0	660
Program Ads	0	1,030
Concessions-Income	2,553	10,962
Royalties-Income	64	209
Contributions		
Individuals	80	3,475
Foundations	0	15,000
Corporations	1,000	6,000
Associations	150	1,432
State	5,241	5,241
City	0	4,000
Board Donations	0	750
Scholarship Income	0	6,440
Total Contributions	6,471	42,338
Facility Rentals		
Monthly	1,900	16,675
Night Use	0	28,197
Total Facility Rentals	1,900	44,872
Total Income	41,021	254,349
Expense		
Salaries		
Executive Director	6,462	28,000
Conservatory Director	3,000	13,000
Teachers	1,877	7,165
Resident Director	1,962	8,500
Educational Program Director	2,077	8,654
Audience Development	2,785	11,919
Technical Director	3,346	14,500
Box Office Manager	2,586	11,250
Box Office Assistant(s)	1,632	7,528
House Manager	1,080	3,786
Janitor	720	2,920
Actors	4,025	13,220
AIDS Educator	275	1,464
Stage Manager	400	3,288
Stage Crew	0	717
Director	566	3,341
Lighting Technician	0	577
Costume Designer	0	1,679
Total Salaries	32,802	141,508
Payroll Taxes	3,043	12,232
Consultants		
Publicist	460	3,110
Scenic/Sound Design	300	1,230
Catering	235	647
Graphics/Marketing	0	2,933
Photographer	462	2,181
Business Manager	2,228	8,382
Auditor	2,800	2,800

NEW CONSERVATORY THEATRE CENTER
Income Statement-Consolidated
February 1999

	Feb '99	Sep '98 - Feb '99
Total Consultants	6,484	21,284
Rent	13,400	77,972
Tour Vehicle	288	1,537
Staff Development	35	235
Production	926	14,121
Royalties	1,613	8,279
Office Supplies	143	1,551
Printing and Reproduction	3,138	17,377
Postage and Delivery	785	3,485
Telephone	685	3,991
Travel	658	7,114
Dues and Subscriptions	154	822
Payroll Processing	417	1,237
Insurance		
Vehicle Insurance	104	626
Liability Insurance	336	3,535
Health	871	4,437
Workers' Comp	575	575
Total Insurance	1,886	9,173
Concessions	706	5,483
Under One Roof	0	216
Facility Maintenance	0	200
Bank Service Charges	33	5,853
Depreciation Expense	550	3,300
Development Fund	0	144
Scholarship	0	1,524
Total Expense	67,748	338,636
Net Ordinary Income	(26,726)	(84,288)
Other Income/Expense		
Other Income		
Interest Income	37	841
Other Income	0	96
Total Other Income	37	936
Other Expense		
Other Expenses	0	64
Returned Box Office	0	0
Total Other Expense	0	64
Net Other Income	37	872
Net Income	(26,690)	(83,416)

Item 9 – File 99-0872

Department: Police (SFPD)

Item: Supplemental Appropriation from the General Fund Reserve to provide additional funds for a) Workers' Compensation, b) installation of a "Bullet Trap" facility for the Police Crime Laboratory and c) funds for the "Peaceful Streets Program".

Amount: \$889,000

Source of Funds: General Fund Reserve

Description: A summary budget for the SFPD's proposed Supplemental Appropriation is shown in the table below:

Services of Other Departments – Workers' Compensation	\$ 519,000
Project Budget ("Bullet Trap" – Crime Lab; Lead Abatement at the former Crime Lab in the Hall of Justice)	350,000
Professional Services ("Peaceful Streets Program")	<u>20,000</u>
Total	\$ 889,000

Workers' Compensation (\$519,000): On May 3, 1999, the Controller issued his Nine-Month Budget Status Report. This report highlighted General Fund Workers' Compensation costs as an area of budgetary concern. The Controller's projection showed that actual Workers' Compensation spending was estimated to exceed budgeted expenditures by \$4.9 million for several General Fund and General Fund subsidized Departments. However, according to the Controller, all departments with the exception of the Police Department were projected by the Controller to have budget savings to offset such overspending for Workers' Compensation. This request is to fund the SFPD's projected Workers' Compensation deficit of \$519,000. An analysis of the projected shortfall is as follows:

FY 1998-99 SFPD Workers' Compensation Budget	\$5,463,000
FY 1998-99 Actual Expenditures through 9 months	4,825,000
Projected 12 Month Expenditures	6,430,000
Projected Expenditures less Budget	967,000
Less Airport Police Costs	<u>(448,000)</u>
Projected Deficit	\$519,000

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BUDGET ANALYST

In June, 1998, during the Finance Committee's FY 1998-99 Annual Budget Review, the Budget Analyst reported that appropriations for Workers' Compensation in the Mayor's Recommended FY 1998-99 Budget appeared to be adequately funded, in relation to projected actual expenditures through the first nine months of FY 1997-98. However, actual spending for FY 1997-98 turned out to be considerably higher during the last three months of the 1997-98 Fiscal Year, and higher spending rates have continued during Fiscal Year 1998-99.

"Bullet Trap" – Crime Lab; Lead Abatement at the former Crime Lab in the Hall of Justice (\$350,000):

The SFPD is in the process of completing the conversion of the Department's new Crime Lab at Building 606 in the Hunters Point Naval Shipyard. The final component is scheduled to be the installation of a bullet recovery tank otherwise known as a "Bullet Trap". This equipment is used to safely test firearms for forensic purposes. Funds for the installation of the Bullet Trap in the amount of \$300,000 are required so that the Bullet Trap can be placed in an enclosed room with a special ventilation system. In addition, \$50,000 is required for Lead Abatement work at the former Crime Lab in the Hall of Justice.

Attachment 1 to this report provides the Department of Public Works, Bureau of Architecture's \$300,000 budget for the construction, to be done by existing DPW staff, of an enclosed room with a special ventilation system at the Building 606 Crime Lab. Attachment 2 details the SFPD's estimated cost of \$40,000, or \$10,000 less than the requested amount of \$50,000, for Lead Abatement work at the former Crime Lab in the Hall of Justice, based on information from the Department of Public Health-Environmental Health Program. The work would be performed by either DPW employees or existing DPW hazardous waste cleanup contractors. The former Crime Lab space used for the bullet recovery tank will be vacated as soon as the new Bullet Trap is ready at the new Crime Lab. Since this space, located in the basement of the Hall of Justice will be used for other purposes, lead

BOARD OF SUPERVISORS
BUDGET ANALYST

contamination resulting from its use as a bullet recovery tank must be removed in accordance with Occupational Health and Safety (OSHA) and DPH regulations.

Peaceful Streets Program (\$20,000): Peaceful Streets is a San Francisco Non-Profit Corporation that conducts gun awareness and education programs in a) San Francisco public schools, b) Recreation and Park youth programs and, c) Boys and Girls Clubs in San Francisco. The program is designed to inform children of the hazards of guns and teach them how to avoid contact with guns. Peaceful Streets also accepts tax deductible donations of guns for its "Guns to Art" program, where donated guns are melted down and made into art.

Peaceful Streets proposes to conduct approximately 290 gun awareness and education classes at a cost of \$69 per class, or a total of \$20,000. The \$69 unit price consists of teacher salaries (\$39) materials and supplies (\$9); supervision (\$12.50) and benefits and taxes (\$8.50). Each class takes approximately 3.5 hours of preparation, supervision and class time, or an estimated total of 1,015 hours. Therefore, the average hourly rate for this program is \$19.70 (\$20,000 divided 1,015 hours).

According to Mr. John Ricker, Executive Director of Peaceful Streets, Peaceful Streets is the only organization presently providing this service in California. Therefore, the proposed contractor was selected on a sole source basis.

Comment:

The Controller's latest expenditure projections for the SFPD estimates a surplus in salaries and fringe benefits of \$296,687 based on spending through the pay period ending on April 16, 1997. However, this projected surplus is expected to decline due to the anticipated high cost of special events subsequent to April 16, 1997 such as Cinco de Mayo and the Bay to Breakers race. Therefore, the Budget Analyst does not recommend any reduction to this proposed supplemental appropriation based on the availability of funds indicated in the Controller's projected surplus as of April 16, 1997.

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- Recommendations:**
1. Based on the revised estimate of \$40,000 for the Lead Abatement work at the former Crime Lab in the Hall of Justice, instead of the original request of \$50,000, amend the proposed ordinance to reduce the \$350,000 request for the Bullet Trap Project Budget by \$10,000 to \$340,000. This will reduce the total \$889,000 amount requested by \$10,000 to \$879,000.
 2. Approve the proposed ordinance as amended.

SFPD Crime Lab - Bullet Trap Room PROPOSED BUDGET

PROPOSED BUDGET	\$300,000	% Const.
1. CONSTRUCTION, PURCHASE, & INSTALLATION Includes construction contract, construction contingency, and fixed equipment	221,954	100.0%
2. PROJECT RESERVE Project contingency for unforeseen conditions.	0	0.0%
3. DPW PROJECT MANAGEMENT Management of the project scope, schedule and budget from initiation to post-construction; monitoring of project funds, revenue and expenditures, management of design and construction contracts, appropriations assistance, and reporting to Client.	8,646	3.9%
4. ADDITIONAL MANAGEMENT SERVICES Developing project scope, schedule and budget for initial appropriation.	1,480	0.7%
5. CITY ADMINISTRATIVE SERVICES Financial and legal counsel for construction contract support.	0	0.0%
6. REGULATORY AGENCY APPROVALS Planning Dept., Building permit, and other fees;	4,000	1.8%
7. BASIC ARCHITECTURAL/ENGINEERING SERVICES Architectural, structural, mechanical and electrical engineering services for contract documents, and construction phase services.	34,937	15.7%
8. SUPPLEMENTAL A/E SERVICES Additional architectural and engineering services including site and utility assessments; existing conditions assessments and documentation; and post construction services.	8,849	4.0%
9. CONSTRUCTION MANAGEMENT & RELATED SERVICES Includes basic CM services as well as: construction contract preparation; inspection for compliance with contract documents; schedule reviews and confirmation of proposal requests.	20,133	9.1%
10. OWNER FURNISHED DATA, SURVEYS Includes hazardous materials surveys and reports; existing materials testing for structural integrity; site surveys for design.	0	0.0%
11. TOTAL PROJECT BUDGET	300,000	135.2%

The figures listed above are budgetary assumptions for the purpose of appropriation. These items represent typical project costs based upon previous project experience and are included for discussion and consideration. They are predictions of expenditures by category, actual costs will be managed jointly by the Client Department and the Department of Public Works. Questions regarding this budget should be directed to Edgar Lopez, Project Manager, DPW, @ 557-4675.

Detailed Budget

Job No:	TBD	REVISED	March 25, '99					
Project:	SFPD Crime Lab - Bullet Trap Room	BUDGET	Building 606					
		(May '99)	Hunter's Point Shipyard					
TOTAL PROJECT BUDGET		300,000						
1. CONSTRUCTION, PURCHASE, & INSTALLATION		221,760						
1.0 CAPITAL IMPROVEMENTS		221,760						
1.1 Principal Construction Contract		221,760						
1.1.1	Construction Contract Award Amount	201,600						
1.1.2	Construction Contract Contingency	20,354						
2. PROJECT RESERVE		0						
2.1.3	Project Reserve	0						
			Weeks	employees	hrs/week	rate	Total	Total Hrs
3. DPW PROJECT MANAGEMENT		8,646					\$5	
3.1.2	Project Management	6,170	18	1	4	85.7	6,170	72
3.1.3	Planning and Control	2,475	12	1	4	51.6	2,475	48
4. ADDITIONAL MANAGEMENT SERVICES		1,480						
4.1.3	Programming & Planning	1,480	1	1	20	74	1,480	20
6. REGULATORY AGENCY APPROVALS		4,000						
6.1.1	DBI Plan Check and Permit	4,000	Cost included in construction cost					
7 BASIC ARCHITECTURAL/ENGINEERING SERVICES		34,937	Weeks	employees	hrs/week	rate	Total	Total Hrs
7.1 Basic A/E Design Services		26,055						
7.1.1	Basic Architectural Design	7,106	6	1	16	74	7,106	96
7.1.2	Basic Structural Engineering Design	7,106	6	1	16	74	7,106	96
7.1.3	Basic Mechanical Engineering Design	7,106	6	1	16	74	7,106	96
7.1.4	Basic Electrical Engineering Design	4,737	4	1	16	74	4,737	64
							26,055	
7.2 Basic A/E Construction Services		8,882						
7.2.1	Basic Architectural Const. Administration	3,553	12	1	4	74	3,553	48
7.2.2	Basic Structural Engineering Const. Administration	1,776	6	1	4	74	1,776	24
7.2.3	Basic Mechanical Engineering Const. Administration	1,776	6	1	4	74	1,776	24
7.2.4	Basic Electrical Engineering Const. Administration	1,776	6	1	4	74	1,776	24
7.2.5	Contingency						8,882	
8. SUPPLEMENTAL A/E SERVICES		8,849						
8.1.1	Misc./Other Additional A/E Services	0						
8.1.2	Facility Assessments / Site and Utility Studies	0	0	2	20	74	-	0
8.1.3	Investigate Exist. Cond./ Measured Drawings	1,480	1	1	20	74	1,480	20
8.1.10	Detailed Cost Estimates	5,000	1 Lump sum (consultant fee)					
8.1.11	Extended Services; 60 Days After Subst. Compl.	2,369	4	1	8	74	2,369	32
8.1.12	Post-Construction Services / Warranty Work	0	0	1	8	74	-	0
							8,849	
9. CONSTRUCTION MANAGEMENT & RELATED SERVICES		20,133						
9.1.1	Misc./Other Construction Management	1,480	10	1	2	74	1,480	20
9.1.2	Contract Preparation	1,776	1	1	24	74	1,776	24
9.1.5	Construction Inspection & Management	14,212	12	1	16	74	14,212	192
9.1.6	Materials Testing and Inspection	1,776	12	1	2	74	1,776	24
9.1.7	Certified Payroll and Employment Goals Monitoring	888	12	1	1	74	888	12
							20,133	
This project budget does NOT include furniture procurement nor installation								
10. OWNER FURNISHED DATA, SURVEYS		0						
10.1.2	Hazardous Materials Assessment	0	Soils investigation, report, and foundation recommendations					
11. TOTAL PROJECT BUDGET		300,000						1046

Memorandum

San Francisco Police Department



To: Captain Alex Fagan
Fiscal Division

APPROVED

YES

NO

From: Martha Blake
Laboratory Manager

MB

_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>

Date: Thursday, May 20, 1999

Subj: **The Gun Room Clean-Up**

An estimated cost for cleaning the gun room is **\$12,000**. As part of the total job, we need to have the vertical water bullet trap and support structure dismantled and removed. This part of the job is difficult to cost-out because there is lead-contaminated water in the tank and the support is likely painted with a lead-base paint, making its removal more problematic. The Department of Public Works is studying the job as well as a sub-contractor (Safety Clean). New regulations affecting Department of Health certification of the contractors doing the work are also being reviewed. An estimate for all additional work needed to make the room ready for occupation is **\$28,000**, bringing the total amount needed to:

\$40,000

The contact person for this job is Steve Lowe, Department of Public Health, phone: 252-3977.

Item 10 – File 99-0936

Department: Human Resources Department (HRD)
Police Department

Item: The proposed ordinance would implement Amendment Number 3 to the Memorandum of Understanding between the San Francisco Police Officers' Association and the City and County of San Francisco to amend salary provisions for represented classes and to authorize action to rectify prior retirement status for former Airport Police Officers, effective July 1, 1999.

Description: The subject MOU with the San Francisco Police Officers Association (POA) was approved by the Board of Supervisors effective July 1, 1996. The term of the MOU is Fiscal Year 1996-97 through Fiscal Year 2000-2001, or five years. This MOU provided for salary increases for all Police Officers of 2.75 percent annually for Fiscal Years 1996-97, 1997-98 and 1998-99. The MOU also included language that the City and the POA agreed to "reopen" the MOU to negotiate salary provisions for Fiscal Years 1999-2000 and 2000-2001. Lastly, Retirement Benefits were also subject to reopened negotiations at any time.

This proposed amendment to the MOU with the POA would adopt the following recommended salary increases for all uniform POA members consisting of five classifications (Commander, Captain, Lieutenant, Sergeant and Police Officer) covering 2,359 employees:

Effective July 1, 1999	5½ percent increase.
Effective July 1, 2000	5½ percent increase.

The cumulative impact of the consecutive annual salary increases of 5½ percent is a total increase in Police Officer salary levels of 11.3 percent over two years.

The Controller's cost estimate is shown in the Attachment to this report. The Controller estimates that the first year incremental cost of the proposed amendment to the MOU is \$8,765,878 and the second year incremental cost is \$9,248,001. The total cumulative cost above FY 1998-99 budgeted permanent uniform salaries and related fringe benefits is therefore \$26,779,758. The Budget Analyst concurs with the Controller's estimate but notes that the impact on Police Overtime costs is not included (see

BOARD OF SUPERVISORS
BUDGET ANALYST

below). By including Police Overtime costs at the budgeted overtime costs in FY 1998-99, the cumulative cost over the two years of FY 1999-2000 and FY 2000-2001 increases by \$2,076,045 from \$26,779,758 to \$28,855,803.

Since the POA now represents both San Francisco Police Officers and the Police Officers assigned to the Bureau of Airport Police, the proposed salary increases will result in increased salary costs and increased fringe benefit costs for both the General Fund and the Airport Fund, as well as Work Order Funds.

The cost of the two year Police Officer salary increase, including increased costs for Overtime salaries is shown below for the General Fund, Work Order Funds:

	<u>Incremental Cost</u>		<u>Cumulative Cost</u>
	<u>FY 1999-2000</u>	<u>FY 2000-2001</u>	
General Fund	\$8,555,670	\$9,025,671	\$26,137,011
Work Order Funds	96,378	102,679	295,435
Airport	<u>793,243</u>	<u>836,871</u>	<u>2,423,357</u>
Totals	\$9,445,291	\$9,965,221	\$28,855,803

As the Controller notes in the attached letter, his estimate is based on budgeted positions and salary amounts for FY 1998-99. The Controller adds that "To the extent that additional uniformed police positions are approved during the FY 1999-2000 budget process, the City's costs under this amendment will increase".

The proposed ordinance also states that the San Francisco Employees Retirement System (ERS) is authorized to effect all necessary action to implement the adjusted corrected placement by the State Public Employees Retirement System (PERS) of covered members who were previously in Airport Police classifications to an improved retirement benefit plan.

According to Ms. Clare Murphy, General Manager of the Employee's Retirement System (ERS) Airport Police currently can retire at the age of 50, and their annual retirement benefits would equal 1.426 percent of their final annual compensation times the number of years they were members of PERS. At age 55 or over, such employees can receive 2.0 percent per year of their final annual compensation times the number of years they were members of PERS.

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The improved PERS benefit plan would provide employees who retire at age 50 with an annual retirement benefit of 2 percent instead of 1.426 percent, of their final annual compensation times the number of years they were members of PERS. At age 55 or over, the improved PERS benefit plan would enable such employees to receive the maximum benefit of 2.7 percent, instead of 2 percent per year of their final compensation times the number of years they were members of PERS

According to Ms. Alice Villagomez, Deputy Director of Human Resources, Airport Police Officers, who are members of the PERS Public Safety retirement program (authorized by Charter Section A8.506-2) have been mis-classified by PERS as members entitled to "two percent at age 55" instead of "two percent at age 50" under the contract between the City and PERS. This provision of the proposed ordinance would instruct the ERS and the City Attorney to initiate a contract change with PERS, subject to future legislative approval by the Board of Supervisors, that would retroactively increase Airport Police Officer retirement benefits. The improvement to the Airport Police Officer retirement benefits would be consistent to improvements granted by a Charter Amendment in November, 1998 for Police Officers who are Tier 2 members of the City's ERS (Police Officers hired after November, 1976). Under Charter Section A8.506-2, such amendments to the City's contract with PERS cannot result in increased costs to the City than would be incurred if Airport Police Officers were members of the ERS.

Prior to Board of Supervisors approval of any amendment to the PERS contract, PERS would provide the City with an actuarial report certifying the required rates of contribution for the improvement in retirement benefits for the Airport Police. This actuarial report will provide the City with the information needed to evaluate the increased cost, if any, from the retirement benefit improvement.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

Edward Harrington
ControllerJohn W. Madden
Chief Assistant Controller

May 21, 1999

Ms. Gloria L. Young, Clerk of the Board
Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Amendment to the Memorandum of Understanding with the San Francisco
Police Officer's Association
File No. 99-0936

Dear Ms. Young:

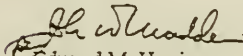
In accordance with Ordinance 92-94, I am submitting a cost analysis of an amendment to Memorandum of Understanding between the City and County of San Francisco and the San Francisco Police Officer's Association. The amendment covers the period July 1, 1999 through June 30, 2001, and affects approximately 2,359 employees with a salary base of approximately \$146 million.

Based on our analysis, the amendment will result in incremental costs of approximately \$8.8 million in FY 1999-2000, and \$9.2 million in FY 2000-2001. The amendment will result in a cost increase of approximately 6% above base salaries in each fiscal year. Please see Attachment A for specific cost estimates.

Our estimate of costs is based on budgeted positions and salary amounts for FY 1998-99. To the extent that additional uniformed police positions are approved during the FY 1999-2000 budget process, the City's costs under this amendment will increase.

If you have any additional questions or concerns please contact John Madden at 554-7500.

Sincerely,


Edward M. Harrington
Controller

cc: Vicki Rambo, ERD
Harvey Rose, Budget Analyst

Attachment A
San Francisco Police Officer's Association
Estimated Costs 1999-2000 to 2000-2001
Controller's Office

<u>Annual Incremental Costs/(Savings)</u>	<u>FY 1999-2000</u>	<u>FY 2000-2001</u>
Wage Increase		
5.5% on July 1, 1999	\$8,033,246	
5.5% on July 1, 2000		\$8,475,075
Wage-Related Fringe Increases	<u>732,632</u>	<u>772,927</u>
Total Estimated Incremental Costs	<u>8,765,878</u>	<u>9,248,001</u>
Annual Amount Above 1998-99 Level	8,765,878	18,013,880
Cumulative Total Above 1998-99 Provisions		\$25,779,758
Incremental Cost % of Salary Base	6.00%	6.00%

Item 11 – 99-0913

Department: Department of Human Resources (DHR)

Item: Ordinance implementing Amendment No. 2 to the Memorandum of Understanding (MOU) between the Laborers Union, Local 261 and the City and County of San Francisco.

Description: In May of 1997, the Board of Supervisors approved an ordinance (File No. 93-97-20) to extend the term of an existing MOU with the Laborers Union, Local 261 for the four-year period from July 1, 1997 through June 30, 2001.

The subject MOU includes the following 22 classifications, covering a total of approximately 918 employees.

<u>Classifications</u>	<u>Employee Titles</u>
3402	Farmer
3417	Gardener
3418	Gardener Assistant Supervisor
3419	Municipal Stadium Groundskeeper
3422	Park Section Supervisor
3424	Pest Control Specialist
3428	Nursery Specialist
3430	Chief Nursery Specialist
3432	Assistant Director
3434	Tree Topper
3436	Tree Topper Supervisor I
7215	General Laborer Supervisor I
7220	Asphalt Finisher Supervisor I
7246	Sewer Repair Supervisor II
7281	Street Cleaning Supervisor II
7404	Asphalt Finisher
7421	Sewer Maintenance Worker
7258	Switch Repairer
7501	Environmental Service Worker
7502	Asphalt Worker
7514	General Laborer
7540	Track Maintenance Worker

Currently, Article III.K of the MOU contains the salary step advancement provisions for all classifications covered

BOARD OF SUPERVISORS
BUDGET ANALYST

by this MOU, except Classification 7501, Environmental Service Worker. According to Ms. Alice Villagomez of the Department of Human Resources (DHR), because employees in Classification 7501, Environmental Service Worker are provisional appointments (provisional appointments are made when there is no list of eligible applicants available for appointment to permanent positions), such employees cannot receive salary step increases, unless such increases are specifically approved by the Board of Supervisors.

According to Ms. Villagomez, there are currently no salary step advancement provisions for the employees in provisional appointments to Classification 7501, Environmental Service Worker. Attachment I, provided by Ms. Villagomez, explains that the proposed Amendment No. 2 would establish such salary step advancement provisions. In Attachment I, Ms. Villagomez states that "The proposed amendment to the MOU between the City and Laborers', Local 261 is intended to provide the mechanism by which employees, employed in Class 7501 Environmental Service Worker can advance and progress through the salary steps of the class based on upon the level of participation in the trainee program (for Classification 7501, Environmental Service Worker)."

Ms. Villagomez reports that there are currently 18 employees in Classification 7501, Environmental Service Worker. All 18 of these employees are provisional appointments. Under the subject proposed Amendment No. 2, the 18 employees would be placed at the step of the salary schedule which corresponds to their current length of service within the 72-week trainee program for Classification 7501, Environmental Service Worker.

In addition, under the subject proposed Amendment No. 2, employees in Classification 7501, Environmental Service Worker would advance to the next step of the salary schedule upon completion of 12 weeks of continuous service within the trainee program. Therefore, such employees would reach the sixth and final step of the salary schedule upon completion of the 72-week trainee program.

BOARD OF SUPERVISORS
BUDGET ANALYST

Comment: Attachment II is a memorandum containing the Controller's cost analysis of the proposed ordinance. As reflected in Attachment II, the Controller estimates that this ordinance would result in increased additional costs of approximately \$27,000 in FY 1999-2000. Ms. Peg Stevenson of the Controller's Office advises that such costs to the City would also be approximately \$27,000 in FY 2000-2001. The Budget Analyst concurs with this estimate.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

City and County of San Francisco




Department of Human Resources

ANDREA R. GOURDINE
HUMAN RESOURCES DIRECTOR

May 19, 1999

TO: Harvey Rose
Budget Analyst, San Francisco Board of Supervisors

FROM: Alice Villagomez 
Deputy Director, ERD
Department of Human Resources

RE: File No. 99-09-13

The proposed amendment to the MOU between the City and Laborers', Local 261 is intended to provide the mechanism by which employees, employed in Class 7501 Environmental Service Worker can advance and progress through the salary steps of the class based on upon the level of participation in the trainee program.

Employees hired into class 7501 are provisional employees during their participation in the trainee program that is a transitional program which provides for the development of work skills to be better qualified for permanent employment in positions such as laborer.

Currently, as provisional employees, incumbents are not eligible to progress through the salary steps of the class.

This amendment will also provide for the placement at the corresponding step within the salary range of the class of employees already participating in the program to be credited with their time served to date in the program.



Edward Harrington
Controller

John W. Madden
Chief Assistant Controller

May 21, 1999

Ms. Gloria L. Young, Clerk of the Board
Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

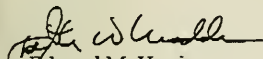
RE: Amendment to the Memorandum of Understanding with Laborers Local 261
File No. 99-0913

Dear Ms. Young:

In accordance with Ordinance 92-94, I am submitting a cost analysis of an amendment to Memorandum of Understanding between the City and County of San Francisco and Laborers Local 261. The amendment covers the period July 1, 1999 through June 30, 2001, and affects approximately 18 employees with a salary base of approximately \$300,200. Based on our analysis, the amendment will result in incremental costs of approximately \$27,000 in FY 1999-2000.

If you have any additional questions or concerns please contact John Madden at 554-7500.

Sincerely,


Edward M. Harrington
Controller

cc: Vicki Rambo, ERD
Harvey Rose, Budget Analyst

Item 12 – 99-0914

Department: Department of Human Resources (DHR)

Item: Ordinance implementing Amendment No. 1 to the Memorandum of Understanding (MOU) between the Building Material and Construction Teamsters, Local 216 and the City and County of San Francisco to correct clerical errors of omission by adding (1) Article III.F, providing for a minimum period of time and rate of pay for certain overtime assignments, (2) Article III.O, incorporating any rule changes made by the City's Retirement Board regarding the crediting of accrued sick leave for retirement purposes by reference to the City's Charter, and (3) Article IV.G, providing for City contributions to the Employee Tuition Reimbursement Program as set forth in the MOU effective July 1, 1999.

Description: In June of 1998, the Board of Supervisors approved an arbitration award (File No. 98-925) to extend the term of an existing MOU with the Building Material and Construction Teamsters, Local 216 for the three-year period from July 1, 1998 through June 30, 2001. According to Mr. Martin Gran of the City Attorney's Office, an arbitration award was required because the Teamsters, Local 216 and the City representatives could not reach agreement on the provisions of the subject MOU.

The subject MOU includes the following two classifications, covering a total of approximately 157 employees.

<u>Classifications</u>	<u>Employee Titles</u>
------------------------	------------------------

7251	Truck Maintenance Worker Supervisor
7252	Truck Driver

According to Ms. Alice Villagomez of the Department of Human Resources (DHR), the following three provisions, contained in Articles III.F, III.O and IV.G, were "clerically omitted" from the MOU which was previously approved by the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

Article III.F states that beginning on July 1, 1999, all employees covered by the provisions of this MOU who are pre-scheduled in advance to work overtime on a day off or at a time that does not overlap with their regular shift would be paid for a minimum of 4 hours at the overtime rate of time and one half.

Article III.O states that any rule changes made by the City's Retirement Board regarding the crediting of accrued sick leave for retirement purposes shall be incorporated into the subject MOU by reference to the City's Charter. Ms. Villagomez explains that such rule changes are first subject to an amendment to the City's Charter, and then may be incorporated into the subject MOU by reference to the City's Charter.

Article IV.G states that the City shall contribute annually to the new Employee Tuition Reimbursement (ETR) Program for employees covered by this MOU. Under this ETR Program, the City would reimburse employees covered by this MOU a maximum of \$250 each fiscal year for courses approved in accordance with the guidelines established by DHR. According to the proposed Amendment No. 1, the City would contribute \$6,000 into the ETR Program on July 1, 1999, and an additional \$3,000 on July 1, 2000. According to the proposed ordinance, the three above-noted provisions would be effective on July 1, 1999.

Comments:

1. Attachment I is a memorandum, provided by Ms. Villagomez, explaining how these three provisions were "clerically omitted" from the subject MOU.
2. Attachment II is a memorandum containing the Controller's cost analysis of the proposed ordinance. As reflected in Attachment II, the Controller estimates that this ordinance would result in increased additional costs to the City of \$6,000 in FY 1999-2000 and \$3,000 in FY 2000-2001 for the City's contributions to the Employee Tuition Reimbursement Program. The Budget Analyst concurs with this estimate.

Recommendation:

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

City and County of San Francisco



Department of Human Resources

ANDREA R. GOURDINE
HUMAN RESOURCES DIRECTOR

May 19, 1999

TO: Harvey Rose
Budget Analyst, San Francisco Board of Supervisors

FROM: Alice Villagomez
Deputy Director, ERD
Department of Human Resources

RE: File No. 99-09-14

The proposed amendment to the MOU between the City and the Building Materials and Construction Teamsters, Local 216 will provide for the incorporation of tentative agreements which were clerically omitted from the MOU. They were generally referenced in the arbitration award issued by the arbitrator. These provisions, therefore, would have otherwise become effective July 1, 1998.

The parties met to review the appropriate provisions needed to be added to the MOU.

These include, codifying the practice of a four hour minimum for pre-scheduled overtime assignments, incorporating by reference any rule changes by the Retirement Board if there is a Charter change which permits the crediting of sick leave for retirement purposes (this provisions is in numerous MOUs), and providing a fund for tuition reimbursement for the term of the MOU.



CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER

Edward Harrington
Controller

John W. Madden
Chief Assistant Controller

May 20, 1999

Ms. Gloria L. Young, Clerk of the Board
Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Amendment to the Memorandum of Understanding with Teamsters Local 16
File No. 99-0914

Dear Ms. Young:

In accordance with Ordinance 92-94, I am submitting a cost analysis of an amendment to Memorandum of Understanding between the City and County of San Francisco and Teamsters Local 16. The amendment covers the period July 1, 1999 through June 30, 2001, and affects approximately 157 employees with a salary base of approximately \$8.3 million.

The amendment primarily corrects clerical omissions in the MOU and does not affect wage or fringe benefit rates. However, the amendment does specify that the City will make contributions to the employee tuition reimbursement fund for this bargaining unit. As a result of this provision, the amendment will result in incremental costs of \$6,000 in FY 1999-2000 and \$3,000 in FY 2000-2001.

If you have any additional questions or concerns please contact John Madden at 554-7500.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ed Harrington", written over a horizontal line.

Edward M. Harrington
Controller

cc: Vicki Rambo, ERD
Harvey Rose, Budget Analyst

Item 13 – 99-0915

Department: Department of Human Resources (DHR)

Item: Ordinance implementing Amendment No. 1 to the Memorandum of Understanding (MOU) between the International Brotherhood of Electrical Workers, Local 6 and the City and County of San Francisco.

Description: In May of 1997, the Board of Supervisors approved an ordinance (File No. 93-97-15) to extend the term of an existing MOU with the International Brotherhood of Electrical Workers, Local 6 for the four-year period from July 1, 1997 through June 30, 2001. The subject MOU includes 46 classifications, covering a total of approximately 676 employees. Attachment I, provided by DHR, contains a list of the 46 classifications covered by this MOU.

Ms. Alice Villagomez of the Department of Human Resources (DHR) advises that this proposed Amendment No. 1 would provide for the consolidation of two existing classifications, Classification 7379, Electrical Transit Mechanic and existing Classification 7409, Electrical Transit Service Worker, into one new Classification 7371, Electrical Transit Mechanic, effective July 1, 1999. Attachment II, provided by Ms. Villagomez, explains the purpose of this consolidation of two existing classifications into a single new classification. In Attachment II, Ms. Villagomez states that "This amendment to the MOU between the City and IBEW, Local 6 will provide for the mechanism by which employees in new class 7371 Electrical Transit Mechanic will advance through the appropriate salary steps of the class based upon a demonstrated proficiency level attained, rather than merely time served in grade."

According to Ms. Villagomez, there are currently 143 employees in Classification 7379, Electrical Transit Mechanic and 50 employees in Classification 7409, Electrical Transit Service Worker. All 193 of these employees are Municipal Railway employees. The biweekly cost to the City for an employee in Classification 7379, Electric Transit Mechanic ranges from \$1,642 at

Step 1 to \$1,994 at Step 5, while that cost for an employee in Classification 7409, Electrical Transit Service Worker ranges from \$1,422 at Step 1 to \$1,724 at Step 5. However, according to Ms. Villagomez, the duties of these two classifications are similar.

Under the proposed Amendment No. 1, the biweekly cost to the City for an employee in the proposed new Classification 7371, Electrical Transit Mechanic would range from \$1,642 at Step 1 to \$1,994 at Step 5, the same salary schedule as Classification 7379, Electrical Transit Mechanic.

In addition, under the proposed Amendment No. 1, all employees who are currently in Classification 7379, Electrical Transit Mechanic and Classification 7409, Electrical Transit Service Worker would be placed at Step 5 and Step 4, respectively, of the proposed salary schedule for the new Classification 7371, Electrical Transit Mechanic, except provisional employees who are currently in Classification 7409, Electrical Transit Service Worker with less than 6 months of continuous service. Such provisional employees would be placed at Step 2 of the proposed salary schedule for the new Classification 7371, Electrical Transit Mechanic.

As noted above, employees in the proposed new Classification 7371, Electrical Transit Mechanic would advance through the appropriate salary steps of the class based upon a demonstrated proficiency level attained, rather than merely time served at each step. However, under the proposed Amendment No. 1, if the Public Transportation Department, which would administer the proficiency examinations for this new classification, fails to offer such examinations, employees in Classification 7371, Electrical Transit Mechanic would advance to the next step in the salary schedule upon completion of a minimum of 6 months of service at each step.

Comment:

Attachment III is a memorandum containing the Controller's cost analysis of the proposed ordinance. As reflected in Attachment III, the Controller estimates that this ordinance would result in increased additional costs of approximately \$392,000 in FY 1999-2000 and \$10,600

in FY 2000-2001. The Budget Analyst concurs with this estimate.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

(-1)

Electricians, Local 6

ARTICLE I - REPRESENTATION

1. This Memorandum of Understanding (hereinafter Agreement) is entered into by the City and County of San Francisco (hereinafter City) through its designated representative acting on behalf of the Board of Supervisors and the International Brotherhood of Electrical Workers, Local 6 (hereinafter Union).

I.A. RECOGNITION

2. The City recognizes International Brotherhood of Electrical Workers Local Union 6, AFL-CIO (IBEW 6) as the exclusive representative of all employees of the City and County of San Francisco assigned to Bargaining Unit 1-L including:

6248 - Electrical Inspector
 6249 - Senior Electrical Inspector
 6250 - Chief Electrical Inspector
 6252 - Line Inspector
 7214 - Electrical Transit Equipment Superintendent
 7216 - Electrical Transit Shop Supervisor I
 7229 - Transmission Line Supervisor I
 7235 - Transit Power Line Supervisor I
 7238 - Electrician Supervisor I
 7244 - Power Plant Supervisor I
 7253 - Electrical Transit Mechanic Supervisor I
 7255 - Power House Electrician Supervisor I
 7256 - Electric Motor Repair Supervisor I
 7257 - Communication Line Supervisor I
 7273 - Communication Line Worker Supervisor II
 7274 - Transit Power Line Worker Supervisor II
 7275 - Cable Splicer Supervisor I
 7276 - Electrician Supervisor II
 7279 - Powerhouse Electrician Supervisor II
 7285 - Transmission Line Worker Supervisor II
 7287 - Supervising Electronic Maintenance Technician
 7308 - Cable Splicer
 7318 - Electronic Maintenance Technician
 7319 - Electric Motor Repairer
 7329 - Electronics Maintenance Technician Assistant Supervisor
 7338 - Electrical Line Worker
 7345 - Electrician
 7363 - Power House Electrician
 7364 - Power House Operator

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Memorandum of Understanding/July 1, 1997 - June 30, 2001
 City and County of San Francisco and
 Electrical Workers, Local 6 (IBEW)

(-2-)

Electricians, Local 6

7365 - Senior Power House Operator
7379 - Electrical Transit Mechanic
7380 - Electrical Transit Mechanic Assistant Supervisor
7390 - Welder
7408 - Assistant Power House Operator
7409 - Electrical Transit Service Worker
7430 - Assistant Electronic Maintenance Technician
7432 - Electrical Line Helper
7480 - Power Generation Technician I
7482 - Power Generation Technician II
7484 - Senior Power Generation Technician
7488 - Power Generation Supervisor
7510 - Lighting Fixture Maintenance Worker
9240 - Airport Electrician
9241 - Airport Electrician Supervisor
9242 - Head Airport Electrician
9358 - Crane Mechanic Supervisor

and any and all employees assigned to new or different classifications hereafter who perform work within the scope of work covered by this Agreement or are accreted to bargaining Unit 1-L pursuant to the procedures of the Employee Relations Ordinance.

3. The work covered by and subject to the terms and conditions of this Agreement shall be that work which upon execution of this Agreement is currently being assigned to employees in Bargaining Unit 1-L in the classifications heretofore enumerated and/or claimed by IBEW Local 6.

I.B. INTENT

4. This Agreement shall, to the extent its terms address a subject within the scope of bargaining and arbitration pursuant to Charter Section 8.409 et seq. supersede and prevail over any contrary ordinance, resolution, rule, charter provision and/or regulation of any agency of the City and County of San Francisco, including the Office of the Mayor, the Board of Supervisors, City Departments and/or City and County Boards or Commissions.

I.C. NO WORK STOPPAGES

5. It is understood and agreed that during the term of this Agreement neither the Union nor any person covered hereunder shall engage in a strike, slowdown or work stoppage against the City and County of San Francisco, nor shall the Union or any

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Memorandum of Understanding/July 1, 1997 - June 30, 2001
City and County of San Francisco and
Electrical Workers, Local 6 (IBEW)

City and County of San Francisco



Department of Human Resources

ANDREA R. GOULDINE
HUMAN RESOURCES DIRECTOR

May 19, 1999

TO: Harvey Rose
Budget Analyst, San Francisco Board of Supervisors

FROM: Alice Villagomez *AV*
Deputy Director, ERD
Department of Human Resources

RE: File No. 99-09-15

This amendment to the MOU between the City and IBEW, Local 6 will provide for the mechanism by which employees in the new class 7371 Electrical Transit Mechanic will advance through the appropriate salary steps of the class based upon a demonstrated proficiency level attained, rather than merely time served in grade.

This new class is being created as a result of a study of the job duties being performed by employees in classes 7379 Electrical Transit Mechanic and 7409 Electrical Transit Service Worker. While the salary of class 7409 is less than the salary of class 7379, the duties being performed by employees in both classes were found to be very similar.

As such, it was determined to be appropriate to consolidate these classes into a new class which in turn will provide for increased operational flexibility in meeting service needs while compensating employees equally for similar duties performed.



Edward Harrington
Controller

John W. Madden
Chief Assistant Controller

May 20, 1999

Ms. Gloria L. Young, Clerk of the Board
Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Amendment to the Memorandum of Understanding with IBEW Local 6
File No. 99-0915

Dear Ms. Young:

In accordance with Ordinance 92-94, I am submitting a cost analysis of an amendment to Memorandum of Understanding between the City and County of San Francisco and International Brotherhood of Electrical Workers Local 6. The amendment covers the period July 1, 1999 through June 30, 2001, and affects approximately 193 employees with a salary base of approximately \$9.6 million.

Based on our analysis, the amendment will result in incremental costs of approximately \$392,000 in FY 1999-2000 and \$10,600 in FY 2000-2001. The amendment will result in a cost increase of approximately 4 % above base salaries in fiscal year 1999-2000.

If you have any additional questions or concerns please contact John Madden at 554-7500.

Sincerely,

Edward M. Harrington
Controller

cc: Vicki Rambo, ERD
Harvey Rose, Budget Analyst

Item 14 – File 99-0077

Note: This item was continued by the Finance and Labor Committee at its meeting of February 3, 1999. This report is based upon a pending Amendment of the Whole as reported to the Budget Analyst by the Department of Real Estate.

Departments: Department of Real Estate (DRE)

Item: Resolution authorizing and approving a new Management Agreement for a café on the main floor of City Hall in the North Light Court of City Hall between the City and Events Management Inc., dba McCall and Associates.

Location: Main floor in the North Light Court of City Hall at 1 Dr. Carlton B. Goodlett Place

Purpose of Management Agreement: To permit operation of a café at City Hall (the “Light Court Café”) on the main floor of the building, in the North Light Court.

Owner: City and County of San Francisco

Manager: Events Management Inc., dba McCall and Associates (“McCall and Associates”)

Term of Lease: Month-to-month, retroactive to January 4, 1999.

Square Footage: According to Mr. Steve Nelson, Director of Administrative Services, the space under the proposed Management Agreement consists of approximately 3,000 square feet on the main floor of City Hall in the North Light Court. Under the proposed Management Agreement the space is to be shared by McCall and Associates and any other catering services as authorized by the Department of Administrative Services. The space consists of a seating area accommodating at least 48 persons and counter space for serving food and beverages. Additionally, a catering support room behind the counter is used by McCall and Associates. This catering room consists of an additional 300 to 400 square feet, according to Mr. Nelson. No doors, partitions, or locks separate the Light Court Café from the rest of the North Light Court, which covers 7,500 square feet.

**Rental Payments to be
made by McCall and**

Associates to the City: Seven percent of gross revenue (no base rent would be paid). According to Mr. Mark Zuffo of the Department of Real Estate, McCall and Associates have paid the City seven percent of its gross revenues on a monthly basis since January 4, 1999. To date, McCall and Associates have paid the City \$1,716, in the following amounts:

February 1999	\$ 475
March 1999	350
April 1999	443
May 1999	<u>448</u>
Total	\$1,716

Based on the payments above, to date McCall and Associates have paid an average monthly rate of \$429.

**Utilities Provided
by City:**

The City will pay for all utilities.

**Janitorial Services
by McCall and
Associates:**

McCall and Associates would be responsible for janitorial services at the leased space.

Description:

Light Court Café Services and Operation

McCall and Associates has been operating the Light Court Café in the subject space since January 4, 1999. Currently, and under the proposed Management Agreement with McCall and Associates, the Light Court Café provides "upscale light faire food from behind the historic counter" in the North Light Court, consisting of coffee, espresso, pastries, juices, sodas, and beer and wine after 5 p.m. No items are cooked on the premises, all cooking and baking is performed off-site. Food and beverages served within the space are required to be served using china or glass utensils. The hours of operation are 11:00 a.m. through 6:00 p.m.

Differences Between the Light Court Café (on main floor of City Hall) and the City Hall Café (on ground floor of City Hall)

Currently, the Light Court Café operates on the main floor of City Hall, and the City Hall Café operates on the ground floor of City Hall.

According to Mr. Zuffo, although both cafés are open to the public, the proposed Management Agreement with McCall and Associates pertaining to the proposed Light Court Café on the main floor of City Hall provides for a more upscale café than does the previously approved Management Agreement with L & L for the City Hall Café, which is located in a larger area on the ground floor of City Hall and which operates as a cafeteria.

Under Section 6.1 of the proposed Management Agreement with McCall and Associates, the Light Court Café would serve beer and wine after 5 p.m., which the City Hall Café does not serve at any time. Also under Section 6.1 of the proposed Management Agreement with McCall and Associates, all food and beverages must be served on china or glass utensils, and may not be served using plastic flatware or paper plates, as are used in the City Hall Café on the ground floor. Finally, under Section 6.2 of the proposed Management Agreement with McCall and Associates, the Light Court Café must maintain the hours of operation between 11:00 a.m. through 6:00 p.m., whereas the City Hall Café on the ground floor maintains the hours of operation between 7:00 a.m. and 4:00 p.m. Mr. Legnitto explains that a provision exists for McCall and Associates to extend the hours of operation to after 6:00 p.m., which might be exercised in the future with approval from the City Hall Building Manager, under the Department of Administrative Services.

Utilization of Subject Space

According to Mr. Zuffo and Mr. Legnitto, under the terms of the proposed Management Agreement, McCall and Associates is required to purchase and pay for all

necessary equipment which it needs in order to operate the Light Court Café. The DRE could not provide an estimate of such equipment costs.

According to Mr. Zuffo, McCall and Associates currently has two employees working at the proposed Light Court Café. McCall and Associates is obligated under the Management Agreement to properly staff the Light Court Café.

Mr. Zuffo estimates that the current seating capacity in the dining space of the Light Court Café is 48, but the maximum number is under the control of the Building Manager. Under the proposed Management Agreement, McCall and Associates would be required to vacate both the dining space and counter space when other catering preparations for City Hall events, as authorized by the Department of Administrative Services, are scheduled in the subject area of the Light Court Café.

Comments:

1. Selection of McCall and Associates

According to Mr. Zuffo, on September 8, 1998, the DRE sent out a Request for Proposals (RFP) to over 100 firms for the management of the proposed Light Court Café and the management of the City Hall Café. The RFP was also advertised in various newspapers and periodicals.

Mr. Zuffo reports that written proposals for the management of the Light Court Café were submitted by only two firms in response to the RFP by the deadline of September 25, 1998. According to Mr. Zuffo, these two proposals were considered unacceptable by the Selection Committee (composed of Mr. Zuffo, Mr. Nelson, and Mr. Ben Rosenfield of the Mayor's Office) for the management of the Light Court Café on the main floor of City Hall.

Subsequently, in an effort to provide for the Light Court Café operation by January 4, 1999, the opening day of the renovated City Hall, the Director of Property negotiated and entered into the proposed Management Agreement with McCall and Associates on a sole source basis, after McCall and Associates contacted the Selection

Committee. The Light Court Café is currently operated by McCall and Associates.

The Attachment to this report, provided by Mr. Zuffo, is a memo explaining why McCall and Associates was chosen on a sole-source basis, without any further attempt at a competitive bidding procedure.

2. McCall and Associates have occupied the subject space since January 4, 1999. Therefore the proposed resolution should be amended to provide for retroactivity.

Recommendations:

1. Amend the resolution to provide for retroactivity.
2. Approval of the proposed resolution, as amended, is a policy matter for the Board of Supervisors.

Date: 1/26/99
Sender: Mark Zuffo
To: Saralyn Ang
cc: Steve Legnitto, Tony DeLucchi
Priority: Normal
Subject: LightCourt Cafe

An RFP was conducted in September of 1998 for both a cafe on the ground floor and a cafe on the main floor of City Hall. An acceptable bid was chosen for the ground floor cafe (City Hall Cafe) in November of 1998. Neither of the two bids submitted for the main floor Light Court Cafe were acceptable to the selection committee. In late November, McCalls approached the selection committee with an idea for the Light Court Cafe. They submitted a written proposal with an artist's rendition of the Light Court area with the cafe. The selection committee accepted their proposal. Both cafes opened for business on Jan. 5, 1999 and seem to be doing well so far.

If you have any other questions regarding this matter please contact me at 554-9887.

Mark Zuffo
Real Estate Department

Item 15 - File 99-0747

Department: Administrative Services

Item: Resolution authorizing the Director of Administrative Services to enter into a Second Amendment to the operating and licensing agreement with MVX Communications (formerly Winston Taylor, Inc.) for the operation of the San Francisco Affinity Phone Card Program.

Description: In May 1996, the Board of Supervisors, approved an ordinance (File 186-96-3) which authorized a three-year operating and licensing agreement with Winston Taylor, Inc. (now MVX Communications) for the San Francisco Affinity Phone Card Program. Subsequently, in April 1997, the Board of Supervisors, approved a resolution (File 172-97-25) which authorized a First Amendment to the operating and licensing agreement which reduced the City's royalty percentage for phone card sales generated by general retailers from 18.5% to 13.5%.

Under the San Francisco Affinity Phone Card Program, prepaid phone cards with the seal and logo of the City and County of San Francisco are sold by retailers and at vending machines located at the Airport, City Hall, and in other locations throughout the City in \$5, \$10, and \$20 increments. Currently, there are 44 locations (vending machines and retailers) where the phone card is sold. Under the program, the City receives a percentage of gross revenues realized by MVX Communications from the sale of the phone cards according to a schedule of rates ranging from 13.5% to 50.0% of revenue generated.

According to Ms. Kofo Domingo of the Administrative Services Department, MVX Communications currently remits revenues from the sale of such phone cards to the City averaging \$12,000 per month, or \$144,000 annually.

The proposed resolution would authorize the Director of Administrative Services to enter into a Second Amendment to the operating and licensing agreement with MVX Communications for the operation of the San Francisco Affinity Phone Card Program. The Second

BOARD OF SUPERVISORS
BUDGET ANALYST

Amendment contains the following three changes to the current operating and licensing agreement:

1. Royalties for Recharge Revenue

Ms. Domingo advises that MVX Communications has recently implemented a service where persons who purchase a San Francisco Affinity Phone Card may add additional minutes, or re-charge, their phone card by calling a customer service number or signing up for an automatic recharge plan. Under the current agreement, the City receives 20 percent of Recharge Revenues realized by MVX Communications. According to Ms. Domingo, MVX Communications has requested that a reduction in the City's royalties from Recharge Revenues be made because MVX Communications currently offers reduced recharge rates of approximately \$0.09 cents per minute for long distance calls within the United States versus a rate of approximately \$0.19 cents per minute for such calls when the card is initially purchased from a vending machine.

Under the proposed resolution, the City's royalty percentage of Recharge Revenues would be reduced from 20 percent to 10-14 percent based on the following schedule:

<u>Monthly Gross Recharge Revenues</u>	<u>% of Gross Recharge Revenues and range of dollar amounts to be paid on a monthly basis by MVX Communications to the City</u>
\$25,000 or under	14% (\$0 - \$3,500)
\$25,001 - \$50,000	13% (\$3,250 - \$6,500)
\$50,001 - \$75,000	12% (\$6,000 - \$9,000)
\$75,001 - \$100,000	11% (\$8,250 - \$11,000)
Over \$100,000	10% (\$10,000 or more)

Ms. Domingo reports that, to date, MVX Communications has had only one customer utilize the Recharge Program and therefore it is anticipated that the proposed reduction to the royalties due to the City from the Recharge Program will not result in a reduction in the monthly revenues currently received by the City from sale of the

BOARD OF SUPERVISORS
BUDGET ANALYST

San Francisco Phone Cards (approximately \$12,000 per month).

2. Cooperative Marketing Fund

Ms. Domingo advises that there are no funding requirements for marketing the San Francisco Affinity Phone Card Program currently contained in the operating and licensing agreement between the City and MVX Communications. Under the proposed amendment, within 30 days of the approval of this resolution, MVX Communications would contribute \$5,000 to a Cooperative Marketing Fund and thereafter on a monthly basis contribute a percentage of gross revenues from the San Francisco Affinity Phone Card into the Marketing Fund based on the following schedule:

<u>Monthly Gross Revenues</u>	<u>% of Gross Revenues and range of dollar amounts to be contributed on a monthly basis by MVX Communications to Marketing Fund</u>
\$100,000 or under	2% (\$0 - \$2,000)
\$100,001 - \$125,000	3% (\$3,000 - \$3,750)
\$125,001 - \$150,000	4% (\$5,000 - \$6,000)
Over \$150,000	5% (\$7,500 or more)

Under the proposed resolution, the Marketing Fund would be used solely to promote the San Francisco Affinity Phone Card Program and would be jointly administered by a Marketing Committee consisting of one representative each from MVX Communications, the City, and the San Francisco Convention and Visitors Bureau.

3. Contract Extensions

Under the original three-year agreement between the City and with Winston Taylor, Inc. (now MVX Communications), effective November 22, 1995 through November 22, 1998, the City has the right to extend the term for up to two additional two-year periods, for a total of seven years.. Under the proposed Second Amendment, the City would have the right to extend the term of the

BOARD OF SUPERVISORS
BUDGET ANALYST

operating and licensing agreement for up to six additional one-year periods, for a total of nine years. Under the proposed Second Amendment, the initial term of the first extension of the contract would be retroactive from November 22, 1998 to November 22, 1999. According to Ms. Domingo, the Administrative Services Department is requesting the change from two-year contract renewal increments to one-year increments so that the Department can re-evaluate the contract each year.

Comment:

Ms. Domingo reports from the commencement of the San Francisco Affinity Phone Card Program in November 1995 to April 1999, the City has received royalties totaling \$394,917. All of these revenues are credited to the General Fund and are subject to appropriation approval by the Board of Supervisors. In addition to the funds of \$394,917 remitted to the City's General Fund, Ms. Domingo states that the Airport receives a portion (approximately 10 percent) of all revenues from the sale of the phone cards at the Airport.

Recommendation:

Approve the proposed resolution.

Item 16 - File 99-1012

Department: Mayor's Office of Public Finance

Item: Motion awarding bonds and fixing definitive interest rates for \$20,000,000 General Obligation Bonds (Affordable Housing), Series 1999A.

Description: On April 26, 1999, the Board of Supervisors approved a resolution authorizing and directing the sale of \$20,000,000 of General Obligation Affordable Housing Bonds Series 1999A (File 98-212). The proceeds from the sale of these bonds will be used to finance the development of affordable housing for low-income households and to provide down payment assistance to low-income and moderate-income first time homebuyers in the City.

Comment: Ms. Laura Opsahl of the Mayor's Office of Public Finance advises that the bids for the proposed bonds are scheduled to be opened at 8:00 am on Wednesday, May 26, 1999, and that unless all bids are rejected, the Finance and Labor Committee will be asked to award the bonds to the bidder whose bid represents the lowest true interest cost to the City. Ms. Opsahl reports that the Mayor's Office of Public Finance will submit an Amendment of the Whole to the Finance and Labor Committee's scheduled meeting at 10:00 am on Wednesday, May 26, 1999, which will list the winning bidder, the other bidders, and the interest rate that each bidder offered to the City.

Recommendation: Approve a motion which awards the subject bonds to the low bidder, which represents the lowest true interest cost to the City.

Item 17 – File 99-0912

Department: Port

Item: Request for release of \$1,100,000 of reserved funds for earthquake-related capital improvements at Pier 70.

Amount: \$1,100,000

Source of Funds: Port Operating Funds

Description: On January 31, 1991, the Finance Committee of the Board of Supervisors approved a supplemental appropriation for \$6,374,971 for repair of earthquake-damaged facilities on Port property, and placed \$6,261,404 of these funds on reserve, pending the selection of outside contractors and submission of the contract cost details. Since that time, the Finance Committee has approved releases on those reserved funds of \$3,283,055 for earthquake work at Pier 45, the Ferry Building, Ferry Plaza and Pier 27-29, such that there is a current balance of \$2,978,349 remaining on reserve. The proposed request for release of \$1,100,000 of reserve funds would be used to cover the costs of earthquake repairs on Pier 70, and would result in a remaining reserved balance of \$1,878,349.

Pier 70, located at the foot of Potrero Hill, at 22nd and Illinois Streets, is the Port's only ship repair yard and is currently leased to the San Francisco Drydock company which operates the ship repair yard. On February 4, 1999, the Port Commission approved a lease amendment between the Port and San Francisco Drydock to extend the terms of the lease until December 16, 2002. In accordance with Charter Section 9.118, this lease amendment was not subject to the Board of Supervisors approval because the lease amendment was for maritime purposes. As part of this lease amendment, the Port agreed to use the requested \$1,100,000 of reserved funds towards the costs of earthquake repairs needed at Pier 70, subject to approval by

BOARD OF SUPERVISORS
BUDGET ANALYST

the Finance and Labor Committee. In addition, under the lease amendment the Port agreed to have such funds available for use by San Francisco Drydock for these improvements by June 30, 1999.

Budget:

Attachment 1, provided by the Port, identifies the earthquake-related capital improvements proposed for Pier 70, for a total cost of \$1,210,000. This total cost of earthquake-related renovations would be paid for with the requested release of reserve funds of \$1,100,000 plus \$110,000 of rent credits for San Francisco Drydock (See Comment 5 for further details).

As shown in Attachment 1, of the total \$1,210,000, the Port is proposing to expend \$440,000 for renovations to Building 104, which will be used for administrative offices. The Port reports that earthquake damage at Pier 70 necessitated the closure of Building 111, the former administrative office building, and has forced San Francisco Drydock to inhabit temporary office trailers since then. The balance of \$770,000 (\$1,210,000 total cost less \$440,000 for Building 104) would be used for repairs to the bathroom, roof, pier, utilities and asphaltting, grading and paving renovation projects outlined on Attachment 1.

Comments:

1. In response to inquiries by the Budget Analyst's Office regarding why the Port is only now requesting to spend \$1,100,000 in May of 1999 from funds previously reserved for earthquake repairs in 1991, eight years ago, the Port provided a memorandum contained in Attachment 2. As discussed in Attachment 2, the Port is requesting the release of the subject \$1,100,000 of Port Operating Funds because, in March of 1999, after repeated claims and follow-up appeals, the Federal Emergency Management Agency (FEMA) denied the Port's last appeal for funding for the cost of earthquake mitigation work related to Pier 70, which would be renovated with the proposed funds.

2. Furthermore, Mr. Ben Kutnick of the Port reports that in addition to the remaining

BOARD OF SUPERVISORS
BUDGET ANALYST

\$1,878,349 on reserve, the Port has \$563,181 of previously appropriated but unexpended funds, for a total remaining balance of \$2,441,530 of Port Operating Funds available for additional earthquake-related repairs at the Port, after Pier 70. According to Mr. Kutnick, barring any emergencies, the Port intends to retain this balance until FEMA completes their final inspection and audit, in case any of the previous Federal and State expenditures are disallowed by FEMA and therefore required to be paid from Port Operating Funds. Mr. Kutnick reports that the Port will submit a close-out request to FEMA in June of 1999 for the Ferry Building, which is the last earthquake-related project.

3. Ms. Veronica Sanchez of the Port reports that, as shown in Attachment 1, San Francisco Drydock employees will perform \$563,750, or approximately 47 percent of the \$1,210,000 proposed earthquake repair work. Ms. Sanchez reports that the Port did not competitively bid this contract, but rather awarded the work to San Francisco Drydock on a sole source basis. According to Ms. Sanchez, using San Francisco Drydock employees for the work provides better utilization of their metal trade workers during slow ship repair periods. From the Port's perspective, Ms. Sanchez notes that another advantage of using San Francisco Drydock is that the Port did not have to use Port resources to put together the competitive bid documents and oversee that process. Ms. Sanchez further notes that awarding the contract to San Francisco Drydock generates work for one of the Port's tenants, which is ultimately good for the Port.

4. For the remainder of the work, Ms. Sanchez reports that San Francisco Drydock will contract with other subcontractors through a competitive bid process. However such competitive bid process, the same process the Port's shipyard uses for Federal contracting, is not subject to the Port's approval. Ms. Sanchez reports that these subcontractors have not yet been selected. However, according to Ms. Sanchez, San Francisco

Drydock has agreed to use good faith efforts to designate 30 percent of such subcontracts for minority and women-owned businesses. However as noted, final subcontractor selection would not be subject to Port approval.

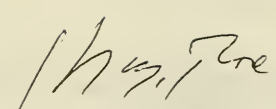
5. Under the terms of the amended lease agreement between the Port and San Francisco Drydock, the rent payable to the Port is currently \$66,667 per month, or approximately \$800,000 annually. In accordance with the amended lease terms, the rent is scheduled to increase in December of 1999 to \$75,000 per month (\$900,000 annually) and again in December of 2000 to \$104,167 per month (\$1,250,000 annually).

6. Given that the total capital improvement project cost is \$1,210,000, and the subject request is for only \$1,100,000, the Port has also agreed to provide \$110,000 of funds to San Francisco Drydock through rent credits. Such rent credits would be applied based on the invoices, receipts and statements of accounting submitted by San Francisco Drydock as the capital improvement project work is completed, but the rent credits cannot exceed one-half of the monthly rent due. As a result, the actual rent to be received by the Port from San Francisco Drydock for the first year would be approximately \$690,000 (\$800,000 annual rent less \$110,000 rent credit).

Recommendation:

Approval of the proposed release of \$1,100,000 in Port Operating Funds is a policy matter for the Board of Supervisors.

Memo to Finance and Labor Committee
May 26, 1999 Finance and Labor Committee Meeting


Harvey M. Rose

cc: Supervisor Yee	Supervisor Teng
Supervisor Bierman	Supervisor Yaki
President Ammiano	Clerk of the Board
Supervisor Becerril	Controller
Supervisor Brown	Legislative Analyst
Supervisor Katz	Matthew Hymel
Supervisor Kaufman	Stephen Kawa
Supervisor Leno	Ted Lakey
Supervisor Newsom	

BOARD OF SUPERVISORS
BUDGET ANALYST

Earthquake Capital Improvements

	Tot \$ Est	SFD Work	Sub-Contract
Admin Building Renovations	\$440,000	\$220,000	\$220,000
Admin and Production Relocation Building 104 Focus	\$440,000		
Asphalting, Grading and Paving	\$55,000	\$0	\$55,000
Area North of Blding 36	\$55,000		
Bathroom Repairs	\$165,000	\$123,750	\$41,250
Demo and Removal	\$50,000		
Replacement	\$115,000		
Repair 75' X 75' Sinking Pier Section	\$275,000	\$110,000	\$165,000
Demo and Removal	\$65,000		
Fabrication & Install of Bridge	\$210,000		
Repair 75' X 75' Sinking Accessway (cable only)	\$55,000	\$55,000	\$0
Roofing Repairs	\$110,000	\$0	\$110,000
Building # 105	\$37,000		
Building # 38	\$37,000		
Building #109	\$36,000		
Utilities Repair Under Piers	\$110,000	\$55,000	\$55,000
Sewage Systems	\$66,000		
Fire Protection System	\$44,000		
Total of Earthquake Improvements	\$1,210,000	\$563,750	\$646,250

Note: The above information is based on best estimates. The values are estimates only and the final dollar amounts may vary from the estimates.

PORT OF SAN FRANCISCO



Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfpport.com

MEMORANDUM

May 20, 1999

TO: Mr. Harvey Rose, Budget Analyst
Attn: Ms. Debra Newman

FROM: Cliff Jarrard
Chief Harbor Engineer *Cliff Jarrard*

SUBJECT: PIER 70 RELEASE OF RESERVE FUNDS
San Francisco Drydock Earthquake Repairs

1. REASONS FOR DELAYS IN REPAIRING BUILDING 111

Since 1989, the Port has diligently tried to get FEMA/OES to cover both the costs of earthquake related seismic repairs and upgrading Building 111 according to local building code standards. Several claims and appeals were filed with FEMA to recover these costs. **The reason for all denials is that FEMA does not recognize the current SF Building seismic requirements that were not as clearly defined in 1989.**

Described below is a summary of the major events related to our efforts to secure reimbursement from FEMA/OES

- FEMA/OES prepared repair estimate of repairing Building 111 shortly after the earthquake. The Port hired a consultant - T. Y. Lin - to prepare our own repair assessment and engineers estimate. Our estimate took into account the S.F. Building Code requirements that the building be seismically upgraded to meet the current code. FEMA/OES did not take this into account in their damage repair assessment. Thus, our repair estimate was approximately \$4 million while FEMA/OES's repair estimate was approximately \$1 million. We asked FEMA/DSR for \$4 million, the amount of money necessary to bring the building up to current code.

Mr. Harvey Rose, Budget Analyst
Pier 70 Release of Reserve Funds
May 20, 1999
Page 2

- In late 1991, FEMA denied the Ports request for money to bring the building up to the current building code. The Port appealed in early 1992. This appeal was also denied.
- The Port filed a second appeal later in 1992. We were awaiting a response to our appeal when we were advised by FEMA/OES to treat the project as a hazard mitigation project. The Port modified the second appeal and applied for a hazard mitigation fund.
- In 1994, the Port received an additional \$50,000 from FEMA/OES.
- In 1995, the Port requested for the additional \$3,000,000 from FEMA/OES. FEMA denied the request in early 1997. The Port filed an appeal to this denial in mid - 1997
- In March 1999, FEMA denied that appeal.

2. OPPORTUNITY FOR RECOVERING FEMA FUNDS

FEMA/OES has offered \$1.2 million dollars for repair and mitigation of Building 111 or another building that can be used for administrative offices. However, this offer does not meet the total costs of repairing Building 111 up to local building code standards and other work. The Port estimates that even with the FEMA/OES reimbursement of \$1.2 million, it would be \$3 million short of the required funding needed to make the building useable according to current code

At this time, the Port is unable to commit funds appropriated for earthquake repairs towards Building 111 as we may have other earthquake repair and mitigation residual costs relating to projects like the Ferry Building, Pier 45, the Ferry Plaza and Piers 27/29.

Building 111 is in a historical district and it will take longer to secure permits for repairing and upgrading the facility for administrative use. This time schedule does not respond to the tenant's need to move out of the trailers it has been occupying for the past ten years.

Mr. Harvey Rose, Budget Analyst
Pier 70 Release of Reserve Funds
May 20, 1999
Page 3

The Port will accept FEMA's offer to pay for the \$1.2 million for Building 111 and request an extension of time to use these funds for construction. FEMA is expected to conclude its audits and inspections of all the earthquake projects of the Port after June 1999. FEMA has not provided the Port with an exact time of when this process will be concluded. When the audits are completed, the Port will be in a better position to evaluate the availability of the remaining Port earthquake funds (as appropriated in the March 1991 Supplemental).

At that time, the Port will have two options: 1) Undertake the seismic improvements and other required upgrades to Building 111 with FEMA and Port funds for office space for another tenant; 2) Invite private developers to bid on design, construction and management of the building for an office use.

Until these issues are resolved, the repair of Building 104 as the Administrative Offices for San Francisco Drydock is the most cost efficient means of meeting our tenant's immediate needs to relocate out of the trailers.

Thank you for your consideration. If you have any further questions, please don't hesitate to contact me at 274-0541.

cc: Peter Dailey
Alex Lee
Veronica Sanchez
Cliff Jarrard



City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

Wednesday, June 02, 1999

10:00 AM

City Hall, Room 263

Special Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 10:10 a.m.

991053 [Budget Workshop-Variou Departments]

Budget Workshop to review in depth the budgets for the Police Department and the Fire Department. (Clerk of the Board)

3/8/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Matthew Hymel, Mayor's Budget Office; Chief of Police Department, Fred Lau; Kim Burton, Mayor's Office of Criminal Justice; Chief of Fire Department, Robert Demmons; Debra Ward, Chief Financial Officer, Fire Department; Deputy Chief, of Fire Department, Patrick White; Jerry, Local 790 Representative.

FILED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

DOCUMENTS DEPT.

ADJOURNMENT

The meeting adjourned at 11:57 a.m.

JUN 16 1999

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City and County of San Francisco

Meeting Minutes

Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Thursday, June 03, 1999

10:00 AM

City Hall, Room 263

Special Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 10:13 a.m.

991055 [Budget Workshop-Department of Public Health]

Budget Workshop to review in depth the budgets for the Department of Public Health.

3/10/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Supervisors Yee, Ammiano, Bierman; Dr. Mitchell Katz, Director, Department of Public Health; Matthew Hymel, Mayor's Budget Office; Bill Hirsh, Mental Health Association; Jonathan Vernick, Baker Place; Stephen Vernon, Family Service Agency; Richard Heasley, San Francisco Mental Health Contractors Association.

FILED.

Introduction of Guests

Supervisor Yee introduced Ying-Ke Liu, Counsellor of Taipei City Government, Republic of China (Sister City to the City of San Francisco) and 37 high school students from Taipei City who sang a song and presented gifts to the members of the Committee.

ADJOURNMENT

The meeting adjourned at 12:01 p.m.

DOCUMENTS DEPT.

JUN 16 1999

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City and County of San Francisco

Meeting Minutes

Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Wednesday, June 09, 1999

10:00 AM

City Hall, Room 263

Regular Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

DOCUMENTS DEPT.

Meeting Convened

The meeting convened at 10:08 a.m.

JUN 16 1999

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REGULAR AGENDA

990910 [Laguna Honda General Obligation Bond Debt]

Resolution determining and declaring that public interest and necessity demand the acquisition, construction and/or reconstruction by the City and County of San Francisco of a health care and assisted living or other type of continuing care facility or facilities to replace Laguna Honda Hospital, and that the estimated cost of \$299,000,000 for such municipal improvements is and will be too great to be paid out of the ordinary annual income and revenue of the City and County and will require lease financing and/or the incurring of bonded debt and/or other evidences of indebtedness by or for the City and County. (Department of Public Health)

5/5/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 6/9/1999.

6/2/99, SUBSTITUTED.

6/2/99, ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Louise Renne, City Attorney; Dr. Mitchell Katz, Director, Health Department; Lee Ann Monfredini, President Health Commission; Roma Guy, Vice President, Health Commission; Tony Irons, City Architect; Monique Moyer, Director Public Finance, Mayor's Office; Supervisor Yee; Supervisor Ammiano; Ted Lakey; Deputy City Attorney; Joe Grubb, Executive Director, Rent Board; Supervisor Bierman. *In Support:* Susan Leal, Tax Collector/Treasurer; Veneracion Zamora, Commission on Aging; Andy Sekara; Charles Levinson; Fred Hobson; Richard Ow; Kay Bromley; Jean McClatchy; Sonny Quiniguini; Gill Thornally; Gabriel Medina, President, S.F. Young Democratic Club; Ivana Kirola, Bill Price, Senior Action Network; M. Ward; Karen Licavoli, S.F. Tobacco Free Coalition; Stella Ta, Chinese Progressive Association; Lori Lacewell, Columbia Park Boys and Girls Club; Katan, Steven, Joseph, South of Market Council, Tobacco Free Project; Vivian (youth), CETA Program; Margaret Tsai; Besty Cordoba; Lisa Manning; Adrianna Smith; James; David McGuire; Tamika Alford, Homeless Prenatal Program; Gerald De Ryan; Chris Daley. *Opposed:* Lloyd Schloegel. *Neither:* Doug Comstock; Father John Hernandez.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990921 [Bond Special Election]

Ordinance calling and providing for a special election to be held in the City and County of San Francisco on Tuesday, November 2, 1999, for the purpose of submitting to the voters a proposition to incur bonded debt and/or other evidences of indebtedness and/or undertake lease financing by or for the City and County in the principal amount of \$299,000,000 for the acquisition, improvement, construction and/or reconstruction of a health care, assisted living and/or other type of continuing care facility or facilities to replace Laguna Honda Hospital; providing for the use of available tobacco settlement revenues and for the use of State and/or Federal grants or funds received by the City and County that are required to fund such proposed project; finding that the estimated cost of such proposed project is and will be too great to be paid out of the ordinary annual income and revenue of the City and County and will require expenditures greater than the amount allowed therefor by the annual tax levy; reciting the estimated cost of such proposed project; fixing the date of election and the manner of holding such election and procedure for voting for or against the proposition; fixing the annual rate of interest on such lease financing, bonded debt and/or other evidences of indebtedness; providing for the levy and collection of taxes to pay both principal and interest of such bonded debt and/or other evidences of indebtedness; prescribing notice to be given of such election; establishing the election precincts, voting places and officers for the election; waiving the word limitation on ballot propositions imposed by San Francisco Municipal Elections Code Section 510; and acknowledging receipt of findings by the City and County Planning Department. (Department of Public Health)

(Substituted by the City Attorney 6/2/99 bearing new title; Fiscal impact; Companion measure to File 990910.)

5/5/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 6/9/1999.

6/2/99, SUBSTITUTED.

6/2/99, ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Louise Renne, City Attorney; Dr. Mitchell Katz, Director, Health Department; Lee Ann Monfredini, President Health Commission; Roma Guy, Vice President, Health Commission; Tony Irons, City Architect; Monique Moyer, Director Public Finance, Mayor's Office; Supervisor Yee; Supervisor Ammiano; Ted Lakey; Deputy City Attorney; Joe Grubb, Executive Director, Rent Board; Supervisor Bierman. In Support: Susan Leal, Tax Collector/Treasurer; Veneracion Zamora, Commission on Aging; Andy Sekara; Charles Levinson; Fred Hobson; Richard Ow; Kay Bromley; Jean McClatchy; Sonny Quiniguini; Gill Thornally; Gabriel Medina, President, S.F. Young Democratic Club; Ivana Kirola; Bill Price, Senior Action Network; M. Ward; Karen Licavoli, S.F. Tobacco Free Coalition; Stella Ta, Chinese Progressive Association; Lori Lacewell, Columbia Park Boys and Girls Club; Katan, Steven, Joseph, South of Market Council, Tobacco Free Project; Vivian (youth), CETA Program; Margaret Tsai; Betsy Cordoba; Lisa Manning; Adrianna Smith; James; David McGuire; Tamika Alford, Homeless Prenatal Program; Gerald De Ryan; Chris Daley. Opposed: Lloyd Schloegel. Neither: Doug Comstock; Father John Hernandez. Amended on page 2, line 21 by deleting "intends to" and inserting "will".

AMENDED.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

991111 [Tobacco Settlement Funds]

Supervisors Yee, Ammiano, Bierman

Resolution supporting funding for tobacco education, prevention and control services and urging that \$1 million per year of tobacco settlement funds be dedicated to tobacco education, prevention and control efforts.

6/1/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Yee; Supervisor Bierman; Supervisor Ammiano. Supervisor Bierman added as cosponsor.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

991087 [Interim Annual Appropriation Ordinance, Fiscal Year 1999-2000]**Mayor**

Interim Annual Appropriation Ordinance appropriating all estimated receipts and all estimated expenditures for the City and County of San Francisco for fiscal year ending June 30, 2000.

(Fiscal impact; Companion measure to File 991088.)

6/1/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Yee; Mathew Hymel, Mayor's Office; Bill Lee, City Administrator; Harry Parker, Fine Arts Museum; Lawana Preston, Local 790; Supervisor Ammiano; Supervisor Bierman. Recommended with Interim Budget Exceptions adopted as outlined in the 6/4/99 Budget Analyst Report in file, however, the Committee approved the 9.5 positions for the Fine Arts Museum for class 8226 Museum Guard.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

991088 [Interim Annual Salary Ordinance, 1999-2000]**Mayor**

Interim Annual Salary Ordinance enumerating positions in the annual budget and appropriation ordinance for the fiscal year ending June 30, 2000.

(Fiscal impact; Companion measure to File 991087.)

6/1/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Yee; Mathew Hymel, Mayor's Office; Bill Lee, City Administrator; Harry Parker, Fine Arts Museum; Lawana Preston, Local 790; Supervisor Ammiano; Supervisor Bierman. Recommended with Interim Budget Exceptions adopted as outlined in the 6/4/99 Budget Analyst Report in file, however, the Committee approved the 9.5 positions for the Fine Arts Museum for class 8226 Museum Guard.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990690 [City Hall License, Filming and Tour Fees]**Supervisors Kaufman, Ammiano**

Ordinance amending Administrative Code by adding Section 4.1-2 to authorize the Department of Administrative Services to charge fees for short term licenses, filming activities and tours in City Hall.

(Adds Section 4.1-2.)

4/12/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 5/12/1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Allison Krumbein, Supervisor Kaufman's Aide; Steve Nelson, Director, Administrative Services; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990916 [Employee Health Coverage]

Ordinance amending Administrative Code Section 16.157, approving Health Service System plans and rates of contribution as adopted by the Health Service Board. (Department of Human Resources)

5/5/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

5/26/99, CONTINUED TO CALL OF THE CHAIR. Heard in Committee. Speakers: Supervisor Ammiano; Harvey Rose, Budget Analyst; Ann Summerville, Deputy Director, Health Service System; John Madden, Assistant Controller; Jean Frasier, Deputy City Attorney; Supervisor Yee; Mathew Hymel, Mayor's Office; Bart Duncan, Deputy City Attorney. Opposed: Leonard Lundgren, President, Retired Teachers Association; Kay Walker, SEIU PAC; Lane De Lara, Ann Tobian; Nancy Gin, 2nd Vice President, CCSF Retirees Association; Tony Sacco, Retired Firemen and Widows Association; Bernard Crotty; Leo Martinez, Board of Directors, Retired Firemen and Widows Association; Robert Pardina; John LeHane, Police Association; Jean Thomas; Earl Gilman; Grady Shawn Allison; Diane Hermann, Executive Board, Retired Employees. Neither: Gerald De Ryan, Labor Council; David Novogrodsky, Local 21

Heard in Committee. Speakers: Ed Harrington, Controller; Supervisor Yee; Ann Summerville, Deputy Director, Health Service System; Bart Duncan, Deputy City Attorney; Supervisor Ammiano. Opposed: Diane Hermann; Kay Walker; Bernard Crotty; Nancy Gin. Neither: Gerald De Ryan; David Novogrodsky; Lawana Preston, Local 790; David Glenen, nurse.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

991054 [Budget Workshop-Municipal Railway]

Budget Workshop to review in depth the budget for the Municipal Railway. (Clerk of the Board)

3/9/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Michael Burns, General Manager, Municipal Railway; Supervisor Ammiano.

FILED by the following vote:

Ayes: 2 - Bierman, Ammiano

Absent: 1 - Yee

ADJOURNMENT

Meeting adjourned at 1:34 p.m.

0.254

9/99

CITY AND COUNTY



OF SAN FRANCISCO

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BOARD OF SUPERVISORS

BUDGET ANALYST

JUN 08 1999

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June 4, 1999

TO: Finance and Labor Committee
FROM: Budget Analyst
SUBJECT: June 9, 1999 Finance and Labor Committee Meeting

Items 1 and 2 - Files 99-0910 and 99-0921

Department: Department of Public Health (DPH)

Items: Item 1 - File 99-0910: Resolution determining and declaring that the public interest and necessity demand the acquisition, construction and/or reconstruction by the City and County of San Francisco of a health care, assisted living and/or other type of continuing care facility or facilities to replace Laguna Honda Hospital and that the estimated cost of \$299,000,000 for such municipal improvements is and will be too great to be paid out of the ordinary annual income and revenue of the City and County and will require lease financing and/or the incurring of General Obligation and/or other bonded debt and/or other evidences of indebtedness.

Item 2 - File 99-0921: Ordinance calling and providing for a Special Election to be held in the City and County of San Francisco on Tuesday, November 2, 1999 for the purpose of submitting to the voters of the City and County of San Francisco a proposition to incur General Obligation bonded debt and/or other evidences of indebtedness and/or undertake lease financing by or for

Memo to Finance and Labor Committee
June 9, 1999 Finance and Labor Committee Meeting

the City and County in the principal amount of \$299,000,000 for the acquisition, improvement, construction and/or reconstruction of a health care, assisted living and/or other type of continuing care facility or facilities to replace Laguna Honda Hospital; providing for the use of a portion of the Tobacco Settlement Revenues and for the use of State and/or Federal funds received by the City and County that are required to fund such proposed project; finding that the estimated cost of such proposed project is and will be too great to be paid out of the ordinary annual income and revenue of the City and County and will require expenditures greater than the amount allowed by the annual tax levy; reciting the estimated cost of such proposed project; fixing the date of election and the manner of holding such election and the procedure for voting for or against the proposition; fixing the maximum rate of interest on such lease financing, bonded debt and/or other evidences of indebtedness; providing for the levy and collection of taxes to pay both principal and interest; establishing the election precincts, voting places and officers for the election; waiving the word limitation on ballot propositions imposed by San Francisco Municipal Elections Code Section 510; and acknowledging receipt of findings by the City and County Planning Department.

Description:

On April 20, 1999 a report prepared by the Laguna Honda Replacement Planning Committee (LHRPC) was presented to the Health Commission. The LHRPC is comprised of 26 City officials and private citizens and co-Chaired by the City Attorney and the Director of Public Health. The City Attorney was appointed to lead the planning effort for the Laguna Honda Replacement Hospital by the Mayor. As Co-Chairs, the City Attorney and the Director of Public Health selected members of the LHRPC. The LHRPC has recommended a demolition of the current Laguna Honda main hospital wards and demolition of Clarendon Hall to provide a facility that will accommodate a total of 1,200 beds and the construction of a new 140-unit assisted living facility (hereinafter called the "replacement project").

The LHRPC's report also recommends that Tobacco Settlement proceeds due to the City, which the LHRPC

Memo to Finance and Labor Committee
June 9, 1999 Finance and Labor Committee Meeting

estimates will range from \$313,400,000 to \$442,100,000 over the next 25 years, be used as a source of funds to partially offset the cost to property owners for repayment of the General Obligation Bonds.

The proposed resolution (Item 1, File 99-0910) would determine and declare that the public interest and necessity demand the acquisition, construction and/or reconstruction of a health care, assisted living and/or other type of continuing care facility or facilities to replace Laguna Honda Hospital and that the estimated cost of \$299,000,000 to partially fund such municipal improvements is and will be too great to be paid out of the ordinary annual income and revenue of the City and County and will require lease financing and/or the incurring of bonded debt and/or other evidences of indebtedness.

The proposed ordinance (Item 2, File 99-0921) would authorize submission of a Proposition to the electorate for purposes of undertaking or incurring lease financing, General Obligation bonded debt, and/or other evidence of indebtedness in the amount of \$299,000,000 and the use of a portion of the Tobacco Settlement Revenues and State and/or Federal funds to fund the Laguna Honda Hospital Replacement Project.

Ms. Monique Moyer, Mayor's Director of Economic Development and Public Finance, advises that the estimated total project costs for the Laguna Honda Hospital Replacement Project are \$401,000,000. According to Ms. Moyer, the anticipated sources of funding for the total \$401,000,000 project would be as follows:

General Obligation Bond, lease financing, or other types of indebtedness	\$299,000,000
Interest Earned on General Obligation Bonds, lease financing, or other types of indebtedness	21,703,283
Tobacco Settlement Revenues (including interest earnings)	<u>80,296,717</u>
	\$401,000,000

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Finance and Labor Committee
June 9, 1999 Finance and Labor Committee Meeting

Attachment I is a memo from Ms. Moyer which provides more detailed project and financing information for the project.

Budget: A summary budget for the \$401,000,000 total project costs for the Laguna Honda Hospital Replacement Project, provided by the LHRPC, is shown in Attachment II.

Comments: 1. The City Charter provides for a legal debt limit of 3 percent of assessed real and personal property value. The Mayor's Office of Public Finance has calculated the City's Debt Limit Ratio as follows:

Total Debt Limit at 6/30/99	\$1,920,239,059
Outstanding General Obligation Bonds at 6/30/99	<u>894,105,000</u>
Remaining General Obligation Capacity	\$1,026,134,059

If the subject bond issue of \$299,000,000 proposed for the November 1999 ballot were to be approved by the voters, the remaining General Obligation bonding capacity would be \$727,134,059. However, the amount of debt that could be issued in any given year is partly a function of the level of payments on existing debt, which fluctuates as older bond issues are retired and new bonds are issued.

2. The proposed ordinance (Item 2, File 99-0921) provides that the \$299,000,000 in lease financing, General Obligation bonded debt, and/or other evidences of indebtedness used to finance the project shall bear interest at a rate not to exceed 12 percent per annum. According to Ms. Moyer, assuming the debt is issued in an interest environment which reflects norms for the past ten years, the Laguna Honda Hospital debt would bear a true interest cost of 6 percent. Upon issuance of the entire \$299,000,000, average annual debt service would be approximately \$26,476,300 and total debt service would be \$529,526,000 for the proposed 20-year term.

3. The LHRPC estimates that Tobacco Settlement revenues to be paid to the City will range from \$313,400,000 to \$442,100,000 over the next 25 years. According to the proposed ordinance (Item 2, File 99-

BOARD OF SUPERVISORS
BUDGET ANALYST

0921), such Tobacco Settlement proceeds would be used as a source of funds to partially offset the cost to property owners for repayment of General Obligation Bonds used to finance the project, less \$1,000,000 each year which would be used to fund tobacco education, prevention, and control purposes, subject to annual appropriation approval by the Board of Supervisors.

As noted above, Ms. Moyer estimates that total debt service for \$299,000,000 in General Obligation Bonds would be approximately \$529,526,000 over 20 years and that Tobacco Settlement proceeds would pay for \$214,715,000 or 40.5 percent of the total debt service.

4. According to Mr. John Madden of the Controller's Office, if \$299,000,000 in Laguna Honda General Obligation Bonds were issued and no Tobacco Settlement revenues were applied to offset the cost to property owners, the Property Tax rate would increase by approximately \$.0412 per \$100 of assessed value beginning in FY 2000-01. At this rate, the owner of a single family residence assessed at \$400,000 would pay \$162.03 in additional annual Property Taxes over the 20-year term.

5. The LHRPC reports that in addition to the Tobacco Settlement Revenues, State and Federal funding is being sought by DPH to pay for a portion of the replacement project costs. However, at this time DPH cannot state definitively whether the City will or will not receive additional funds from State and Federal sources.

6. The Budget Analyst notes that the final calendar for the June 9, 1999 meeting of the Finance and Labor Committee states that authority to issue debt in the amount of \$437,045,000 would be requested from the electorate instead of \$299,000,000. This report is based upon legislation which was substituted by DPH which requests authority to issue debt in the amount of \$299,000,000.


Recommendation: Approval of the proposed resolution (File 99-0910) and ordinance (File 99-0921) is a policy matter for the Board of Supervisors.



WILLIE LEWIS BROWN, JR.

May 28, 1999

TO: Monique De Jong

From: Monique Moyer 

RE: Plan of Finance
Laguna Honda Hospital Replacement Project

Plan of Finance

As you know, the primary components of the Laguna Honda Hospital Replacement Project (the "Project") are as follows:

- 1) temporary power plant;
- 2) 1,200 bed skilled nursing facility including a center for adult-day health care, a senior nutrition center, an employee child-care center, a swimming pool and a horticulture unit;
- 3) demolition of Clarendon Hall and related site work;
- 4) improvements to the Administrative Wing of the existing hospital;
- 5) demolition of the remaining hospital wings and related site work;
- 6) construction of a surface parking lot; and
- 7) \$15 million in "seed" money to construct approximately 140 assisted living units.

The Plan of Finance to construct the \$401 million Project relies on the issuance of \$299 million of general obligation bonds (and interest earnings thereon) and approximately \$80 million of tobacco settlement moneys to be applied on a "pay-as-you-go" basis. The proposed distribution of GO bond and tobacco proceeds (exclusive of proceeds to pay financing costs) is summarized in Attachment 1 hereto.

Pursuant to the Plan of Finance, all of the bonds are expected to be issued in the first year of the Project in order to meet contract certification requirements in accordance with the City's Charter. As such, the bond proceeds will be available to certify the contracts for (a) architectural and engineering services for all elements of the Project, (b) construction management services for all facets of the Project, (c) site preparation work for the skilled nursing facility including the base structure; and (d) construction of a temporary power plant. As indicated in Attachment 1, the bond proceeds (including interest earnings thereon) will fund approximately 95% of the costs to complete components 1 and 2 listed above.

Assuming an interest rate of 6%, debt service will average approximately \$26 million per year. Column 2 ("Debt Service Due") of Attachment 2 hereto provides the preliminary debt service schedule for the GO bond issuance.

Use of the Tobacco Settlement Moneys

In accordance with the 1998 Master Settlement Agreement (“Master Agreement”) between certain “settling states” and “participating manufacturers”, the City will receive annual distributions of tobacco settlement moneys in perpetuity. Pursuant to the Plan of Finance and the proposed Ordinance, tobacco settlement moneys received by the City *during the life of any bonds* will be used as follows:

- (1) \$1 million per year will be applied towards tobacco education, prevention and control purposes;
- (2) up to \$100 million will be applied on a “pay-as-you-go” basis towards construction of the Project; and
- (3) all remaining tobacco settlement moneys will be applied against debt service on the bonds.

The tobacco settlement requires participating tobacco manufacturers to pay a settlement fee on each package of cigarettes sold in the United States. Therefore, payments from the tobacco settlement rely on the amount of cigarettes sold domestically in each calendar year. Pursuant to the Master Agreement, Price Waterhouse has been retained as the annual auditor and Citibank has been retained as the escrow agent. The annual amount of settlement money owed from the tobacco companies will be audited and billed in accordance with the agreement and such payments will be made to Citibank by each April 15th. The settlement money will then be transferred to the State of California and distributed to the 58 counties and 4 cities which participated in the lawsuit. Pursuant to a Memorandum of Understanding between the State and the local jurisdictions, the amount that San Francisco will receive in part depends on our population relative to that of the other 57 counties.

Based on actual cigarette sales at the time the Master Agreement was negotiated, San Francisco is expected to receive approximately \$585 million of tobacco settlement money over the next 25 years. The amount owed each year (while payable based on the actual amount of cigarettes sold) is increased annually by a CPI adjustment of not less than 3% calculated on the amount of the prior year payment. The amount payable to the settling states under the Master Agreement is then reduced by any reduction in actual cigarette sales and any shortfall in collections. Payments to San Francisco are subject to these same inflation, sales and monetary collection adjustments. However, pursuant to the California Memorandum of Understanding, a further adjustment may be made as a result of population shifts within the State of California. Thus, the City’s share of such money relies primarily on (a) the amount of cigarettes sold nationally each year, (b) the absence of bankruptcy protection on the part of any participating manufacturer, and (c) San Francisco’s census.

Tobacco industry experts predict that cigarette sales in the U.S. will continue to decline. The experts have created a rather complex formula as to the expected amount of decline in each of the next 25 years which has been incorporated into the Plan of Finance. In the early years of the settlement agreement, the tobacco experts anticipate that the reduction in tobacco sales will outpace any growth in inflation. Over time, however, the experts anticipate that demand

reductions will not exceed 3% per year and thus, any loss in sales revenue under the Master Agreement will be offset by the minimum CPI adjustment of 3%. These calculations are incorporated into the Plan of Finance as a means for assessing the City's receipt of tobacco collections as demand declines. In order to assess the City's other risks (such as a bankruptcy filing by one of the Big 4 manufacturers or a reduction in the City's census relative to the other counties), the Plan of Finance assumes that an additional 25% of the tobacco revenues will be lost and never received by the City. While 25% is a fairly sizable amount (and we believe, a very conservative amount), credit analysts and investment bankers within the municipal bond industry believe it would be imprudent at this time to assume that the City would receive in excess of 75% of the anticipated collections. As the tobacco industry matures and payments under the Master Agreement create an historical trend line, it is conceivable that municipal market analysts will become comfortable in assuming that more of the money is actually received. Pursuant to the proposed Ordinance, any increase in tobacco receipts would be required to be used to pay debt service and offset any property taxes related to such debt service.

The Master Agreement and the California Memorandum of Understanding are silent as to how the participating entities should or can expend their share of the settlement. The proposed Ordinance will confirm the Board of Supervisors' and the Mayor's intent to apply the tobacco receipts to rebuilding Laguna Honda Hospital. As part of the Ordinance, however, \$1 million per year of tobacco collections would be set aside for tobacco education, prevention and control purposes commencing with the first year of collections.

In the first 5 years of the Plan of Finance, approximately \$80 million in tobacco receipts are anticipated to be collected (excluding the \$1 million per year educational set-aside) to fund completion of the Project. Thereafter, in years 6 and 7, a portion of the tobacco collections not used for tobacco education or Project completion will be available to offset debt service. Following Project completion in year 7, all of the tobacco collections (with the exception of \$1 million per year for education) will be used to offset debt service. The annual amount of tobacco collections used to offset debt service is shown in Column 3 ("Use of Tobacco Receipts") of Attachment 2. Once the debt is fully retired, the tobacco receipts (which continue in perpetuity) would be available for any lawful purpose. Note that Column 3 only refers to tobacco receipts as they are applied to offset debt service.

While the City expects to receive a significant amount of tobacco settlement money per year, such money is not anticipated to be enough to completely offset the annual debt service on the bonds. As such, a portion of the debt service will be required to be paid from property taxes. The amount required in each year (assuming a 6% interest rate on the bonds) is shown in Column 4 ("Ad Valorem Taxes Needed") of Attachment 2.

Other Aspects of the Ordinance

The proposed ballot measure incorporates ways to reduce the amount of GO bonds issued if (a) additional grants or funds are available or (b) tobacco-backed bonds can be issued. In the event that the City is able to receive a grant specifically for the Project from the State or federal governments, then the amount of GO bonds that could be issued would be reduced on a pro rata basis. In other words, if the City received an upfront grant of \$10 million, the amount of GO

bonds would be reduced by \$10 million less any sunk costs to issue the remainder of the bonds. If the City receives State or federal funds on a reimbursement basis (such as an annual Medicare payment), such money would not reduce the amount of GO bonds issued but would be required to offset debt service resulting in lower property tax assessments.

In addition, the proposed ballot measure would allow the City to use either lease revenue bonds or a related debt instrument to leverage the tobacco settlement moneys in place of the GO bonds. Tobacco settlement moneys have never been used to securitize municipal debt instruments. Methods to leverage such moneys are in the developmental stages and will likely mature over time. Voter approval of this measure would allow the City to substitute a tobacco-backed debt instrument or lease revenue bonds in place of GO bonds in the event that such instruments eventually become viable in the tax-exempt bond market.

Finally, the proposed legislation would allow the City to issue the GO bonds in a short-term interest rate mode (such as commercial paper) during construction in order to reduce debt service in the early years. While such scenarios have been modeled, the Plan of Finance envisions the issuance of fixed rate bonds. Before the City could issue GO bonds in a short-term mode, an extensive analysis of short-term and long-term rates would need to be prepared. Since the debt is not expected to be issued for quite some time, any analysis prepared today would not be very reliable. However, I recommend that such analysis be prepared at the appropriate time and if such analysis shows that long-term rates are expected to remain low during the construction period, then the GO bonds should be issued in a short-term mode. If such analysis shows that long-term rates are expected to rise significantly during construction, then the GO bonds should be issued in a fixed-rate mode in order to lock in low rates. These are considerations that the Board of Supervisors would approve by resolution prior to issuance of the bonds.

This is a rather complex Project and detailed Plan of Finance. In designing the Plan of Finance, the Mayor's Office of Public Finance and the City Attorney's Office have relied heavily on the pro bono services of Public Financial Management, Inc. (one of the highest ranked financial advisory firms in the country), Kitahata & Associates (a locally-owned financial advisory firm), Goldman Sachs & Co. (a Wall Street investment bank), The Law Offices of Pamela S. Jue, and The Law Offices of Leslie M. Lava (both locally-owned counsel firms) and Brown & Wood, LLP and Orrick Herrington & Sutcliffe, LLP (two nationally ranked bond counsel firms).

In reviewing the tobacco settlement moneys and related risks to its receipt, the Offices of the Mayor and City Attorney have met extensively with Salomon Smith Barney, Morgan Stanley Dean Witter, Lehman Brothers and Goldman Sachs & Co. We believe the Plan of Finance takes a conservative view of the anticipated tobacco collections and therefore is financially sound based on all that we know today. I hope that you will concur with our assessment.

If I can be of any assistance to you in your review, please do not hesitate to call me at 554-4862 or Sarah Hollenbeck at 554-6240 or Michelle Sexton at 554-4708. For more information regarding the project itself, please contact Tangerine Brigham at DPH at 554-2631 or Tony Irons, City Architect at 554-4555. Thank you.

Laguna Honda Hospital Replacement Project
Summary of Encumbrance of Project Contracts
Allocation of General Obligation Bond Proceeds & Tobacco Settlement Money

	Project Phase	Project Encumbrance Amount	GO Bond and Interest Earnings*	Tobacco & Interest Earnings
1	A/E Services	37,000,000	37,000,000	-
	C/M Services	15,000,000	15,000,000	-
	Temporary Power	5,000,000	5,000,000	-
	Ongoing	6,000,000	6,000,000	-
	subtotal:	63,000,000	63,000,000	-
2	Site Work & Structure	64,000,000	64,000,000	-
	Ongoing	3,000,000	3,000,000	-
	subtotal:	67,000,000	67,000,000	-
3	Exterior, SNF	42,000,000	42,000,000	
	Interior, SNF	151,000,000	142,703,283	8,296,717
	Ongoing	6,000,000	6,000,000	-
	subtotal:	199,000,000	190,703,283	8,296,717
4	Demo Clarendon, Rehab Admin Bldg.			
	Demo Wings; Construct parking	47,000,000		47,000,000
	Assisted Living Match	15,000,000		15,000,000
	Ongoing	10,000,000		10,000,000
	subtotal:	72,000,000	-	72,000,000

Grand Total:	\$ 401,000,000	\$ 320,703,283	\$ 80,296,717
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*Assumes \$27 million in interest earnings from bond funds

Revised

Property Tax Impacts (\$299 Million)
GO Bonds using Tobacco Money on a Pay As You Go Basis
Less \$1 Million Set Aside for Education & Control

Fiscal Year	Debt Service Due	Use of Tobacco Receipts	Ad Valorem Taxes Needed	Tax Effect on Home	Tax Effect on Home	Tax Effect on Home	Tax Effect on Building	Tax Effect on Building	Tax Effect on Building
1999-00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2000-01	34,242,000	-	34,242,000	170.45	228.63	581.75	2,908.75	2,214.31	2,214.31
2001-02	26,067,000	-	26,067,000	129.76	174.04	442.86	2,214.31	2,214.31	2,214.31
2002-03	26,070,000	-	26,070,000	129.77	174.06	442.91	2,214.31	2,214.31	2,214.31
2003-04	26,067,000	-	26,067,000	129.76	174.04	442.86	2,214.31	2,214.31	2,214.31
2004-05	26,066,000	2,067,000	23,999,000	119.46	160.24	407.73	2,038.64	2,038.64	2,038.64
2005-06	26,070,000	16,304,000	9,766,000	48.61	63.21	165.92	829.59	829.59	829.59
2006-07	26,068,000	14,318,000	11,550,000	57.49	77.12	196.23	981.14	981.14	981.14
2007-08	26,066,000	13,077,000	12,989,000	64.66	86.73	220.67	1,103.37	1,103.37	1,103.37
2008-09	26,068,000	13,418,000	12,650,000	62.97	84.46	214.92	1,074.58	1,074.58	1,074.58
2009-10	26,070,000	13,479,000	12,591,000	62.68	84.07	213.91	1,069.56	1,069.56	1,069.56
2010-11	26,066,000	13,540,000	12,526,000	62.35	83.63	212.81	1,064.04	1,064.04	1,064.04
2011-12	26,068,000	13,602,000	12,466,000	62.05	83.23	211.79	1,058.95	1,058.95	1,058.95
2012-13	26,067,000	13,665,000	12,402,000	61.74	82.81	210.70	1,053.51	1,053.51	1,053.51
2013-14	26,066,000	13,727,000	12,339,000	61.42	82.39	209.63	1,048.16	1,048.16	1,048.16
2014-15	26,066,000	13,789,000	12,277,000	61.11	81.97	208.58	1,042.89	1,042.89	1,042.89
2015-16	26,068,000	13,852,000	12,216,000	60.81	81.56	207.54	1,037.71	1,037.71	1,037.71
2016-17	26,069,000	13,915,000	12,154,000	60.50	81.15	206.49	1,032.44	1,032.44	1,032.44
2017-18	26,065,000	13,979,000	12,086,000	60.16	80.70	205.33	1,026.67	1,026.67	1,026.67
2018-19	26,067,000	15,856,000	10,211,000	50.83	68.18	173.48	867.39	867.39	867.39
2019-20	26,070,000	15,927,000	10,143,000	50.49	67.72	172.32	861.62	861.62	861.62
2020-21	-	-	-	-	-	-	-	-	-
2021-22	-	-	-	-	-	-	-	-	-
2022-23	-	-	-	-	-	-	-	-	-
2023-24	-	-	-	-	-	-	-	-	-
2024-25	-	-	-	-	-	-	-	-	-
2025-26	-	-	-	-	-	-	-	-	-
2026-27	-	-	-	-	-	-	-	-	-
2027-28	-	-	-	-	-	-	-	-	-
2028-29	-	-	-	-	-	-	-	-	-
2029-30	-	-	-	-	-	-	-	-	-
2030-31	-	-	-	-	-	-	-	-	-
2031-32	-	-	-	-	-	-	-	-	-
2032-33	-	-	-	-	-	-	-	-	-
	\$ 529,526,000	\$ 214,715,000	\$ 314,811,000	\$ 1,567	\$ 2,102	\$ 5,348	\$ -	\$ -	\$ 26,742

LAGUNA HONDA HOSPITAL REPLACEMENT BOND PROGRAM**PROPOSED BOND PROGRAM BUDGET**

1.	CONSTRUCTION, PURCHASE & INSTALLATION Includes construction contracts, demolition of existing structures, hazardous materials abatement & removal, site-work, fixed equipment, retrofits for temporary relocation, telecommunications infrastructure, temporary utilities, contingencies for change orders, Art Enrichment, escalation to the midpoint of construction.	\$ 309,259,000
2.	CLIENT DEPARTMENT Includes hospital staff, consultants, community outreach, and operating expenses added to the normal day to day operations as a result of this construction project & its associated relocations only. (2 FTE @ \$80/hr. avg. for 8 yrs. + 2% per/yr.)	3,088,000
3.	PROJECT MANAGEMENT & CONTROL Responsibilities include management of entire Bond Program, as well as individual project scopes, budgets & schedules from start-up through post-construction, monitoring of project funds, management & procurement of design & construction contracts, processing and payment of consulting & construction contracts per State and local regulations, reporting & monitoring bond arbitrage and financing costs, reporting to client department & others, bond sale requests and appropriations, incorporation of HRC requirements (MBE/WBE goals), scheduling & management of agency approvals, public information publications, community outreach. (5 FTE @ \$80/hr. avg. for 8 yrs. + 2% per/yr.)	7,721,000
4.	CITY ADMINISTRATIVE SERVICES Includes project-specific administrative functions from City Administrator, Purchaser, Controller, City Attorney, and Mayor's Office of Financial Management, Real Estate Department. City Administrator Purchaser Controller Real Estate Department Mayor's Office (\$150,000 yr. For 8 yrs.)	1,200,000
5.	REGULATORY AGENCY APPROVALS & FEES Includes OSHPD & DBI building permit fees, demolition permits, City Planning & Environmental Review fees, utility fees, such as PG&E, Landmarks Board, Civic Design Review. (3.4% of \$309,259,000)	10,515,000
6.	BASIC ARCHITECTURAL/ENGINEERING SERVICES Includes basic A/E (schematic design, design development and construction administration services) for each of the four distinct construction projects, in the disciplines of architecture, structural, mechanical, electrical engineering only. (8% of \$309,259,000)	24,740,000

7.	ADDITIONAL A/E SERVICES Includes demolition specifications, environmental review, landscape architecture, cost estimating, scheduling, post construction services, quality assurance reviews, peer reviews, value engineering, interior design, renderings, models, coordination of moves, medical equipment consultants, operations planning, disabled access reviews, signage, civil engineering, hazardous materials specifications, equipment planning, telecom design, traffic engineering, developing architectural & engineering standards, printing & reproducibles. (4% of \$309,259,000)	12,370,000
8.	CONSTRUCTION MONITORING Includes construction management monitoring services, including cost and schedule control, change orders, quality control, prevailing wage monitoring, materials testing & inspection, hazardous materials oversight. (5% of \$309,259,000)	15,463,000
9.	OWNER FURNISHED DATA Existing construction & materials analyses supplied by the owner to the design entities, including programming, institutional Master Plan, structural analysis, as builds, topographic surveys, pre-balance reports, hazardous materials assessments & surveys. (Lump Sum Estimate)	\$00,000
10.	OTHER PROGRAM COSTS Allowance for relocation for Admin. Building work and moving patients to new facility. (\$300 per patient & \$20 SF Admin.)	1,718,000
11.	ASSISTED LIVING City match to develop assisted living units in Claredon Hall site. (Lump Sum Cost)	15,000,000
	TOTAL PROGRAM BUDGET	401,574,000 *

*Rounded to \$401,000,000

Item 3 - File 99-1111

Item: Resolution supporting funding for tobacco education, prevention, and control services and urging that \$1,000,000 per year of Tobacco Settlement funds be dedicated to tobacco education, prevention and control efforts.

Description: As a result of lawsuits filed by the California Attorney General, City and County of San Francisco, and other California cities and counties, a settlement agreement was reached in November 1998 between the State Attorney General and the four major tobacco manufacturers, including Philip Morris, Inc. R.J. Reynolds Tobacco Company, Brown & Williamson Tobacco Corporation and Lorillard Tobacco Company which includes the payment of approximately \$25 billion to the State of California over the next 25 years. In August of 1998, the California Attorney General entered into a Memorandum of Understanding (MOU) with the applicable California cities and counties to distribute one-half of any settlement from these lawsuits to those California cities and counties. Under the MOU, it is anticipated that the City and County of San Francisco will receive between \$313,400,000 to \$442,100,000 over 25 years, subject to certain adjustments.

Approval of the proposed resolution would indicate that the Board of Supervisors supports funding for tobacco education, prevention and control services and would urge that \$1,000,000 per year of the aforementioned Tobacco Settlement funds be dedicated to such purposes.

Items 1 and 2 (Files 99-0910 and 99-0921) of this report to the Finance and Labor Committee would authorize submission of a Proposition to the electorate for purposes of undertaking or incurring lease financing, General Obligation bonded debt, and/or other evidence of indebtedness and provide that the Tobacco Settlement funds would be used to pay a portion of the project and debt repayment costs for the Laguna Honda Hospital Replacement Project.

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As noted above, this subject resolution would support the use of \$1,000,000 annually from such Tobacco Settlement proceeds for tobacco education, prevention and control services as proposed in this subject resolution.

Comment:

The expenditure of the Tobacco Settlement proceeds will be subject to annual appropriation approval by the Board of Supervisors.

Recommendation:

Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Items 4 and 5 - Files 99-1087 and 99-1088

1. The proposed legislation would approve the Interim Annual Appropriation Ordinance (File 99-1087), the Interim Annual Salary Ordinance (File 99-1088).
2. The annual budget process for the City and County requires that the Board of Supervisors approve an Interim Annual Appropriation Ordinance and an Interim Annual Salary Ordinance for Fiscal Year 1999-2000 on or before June 30, 1999. The purpose of these interim ordinances is to provide position and expenditure authorization for the various departments of the City and County during the time that the Finance and Labor Committee of the Board of Supervisors is reviewing the Mayor's recommended budget for Fiscal Year 1999-2000. The budget is scheduled to be adopted by the Board of Supervisors on July 19, 1999.
3. The Interim Annual Appropriation Ordinance and Interim Annual Salary Ordinance are based on the Fiscal Year 1999-2000 proposed budget recommendations of the Mayor. Hence, these ordinances include authorization and funding for all programs and program revisions which are included in the Mayor's proposed 1999-2000 budget. Each program and program revision will be reviewed in detail during the budget hearings and sessions which have been scheduled by the Finance and Labor Committee from June 15 through June 24, 1999.
4. As a general policy, in previous years, the Board of Supervisors has not approved new positions and programs during the interim budget period without detailed review. This general policy has been implemented by instructing the Controller not to certify the availability of funds for new positions, new programs or program expansions during the interim budget period between July 1 and July 31. If an exception is approved by the Board of Supervisors, new positions can be filled effective July 1. Otherwise, new positions will generally not be filled until August 1 at the earliest.
5. The Administrative Provisions of the Interim Annual Appropriation Ordinance further state that no funds shall be allotted until August 1 for capital improvements and equipment. However, leased equipment is not subject to this provision. In certain cases, specific exceptions to these general policies have been approved by the Board of Supervisors. Exceptions have been based on such factors as new positions and programs that produce revenue or prevent major service deficiencies which would result from delays in filling new positions or starting new programs. Approval of some equipment purchases, for example, could result in cost savings.
6. The Controller has prepared revisions to the Administrative Provisions of the Interim Annual Appropriation Ordinance (AAO). These proposed revisions are described below:

- Section 7.2 – Previously, Section 7.2 defined equipment as items having a value of over \$1,000 and a useful life of three years or more. Such equipment items must be detailed individually in the budget. The proposed Administrative Provisions of the Interim AAO changes the minimum equipment value from \$1,000 to \$5,000. The FY 1999-2000 Mayor's Recommended Budget reflects this proposed change in the definition of equipment as items only with a value of \$5,000 or more and a useful life of three years or more is budgeted as equipment. All other equipment type items, with a value less than \$5,000 are not detailed and are budgeted under materials and supplies. According to Mr. John Madden, Chief Deputy Controller, the benefit of changing the definition of the minimum equipment value for budgeting purposes is that technology equipment, such as personal computers and related items, cannot be easily specified months in advance, as required by the City's annual budget process, due to rapid changes in specifications and prices for such equipment. Also, personal computers and related items are now considered routine and necessary office equipment for almost all employees and are therefore more appropriately budgeted under materials and supplies.

If the Board of Supervisors does not approve this proposed amendment to the Administrative Provisions of the Interim AAO, according to Mr. Madden, all items costing \$1,000 or more, with a useful life of three years or more, could not be procured from materials and supplies. Therefore, according to Mr. Madden, the budget will then have to be amended, with specific equipment with a value of between \$1,000 and \$4,999 submitted to the Board of Supervisors for approval for each individual City department.

- Section 9 Interdepartmental Services: two new paragraphs are added. The first one allows the Controller to adjust the work order amounts paid by individual City departments for the services of another department, as long as the total funds provided to the performing department for such work order services does not increase unless a supplemental appropriation is approved. The second paragraph added to Section 9 allows the Controller to review fees or charges authorized for the administration of the *Computer Store* (a pre-approved list of computer vendors for City departments to select from, for the purchase of personal computers and related items). Such fees or charges must be authorized by the Board of Supervisor. According to Mr. Madden, legislation is now pending before the Board of Supervisors to establish such fees or charges.
- Section 12.8 – Mayor's Reserves: This Administrative Provision was added last year to permit the Mayor to create two General Fund Reserves, which

could be released with the approval of the Mayor's Budget Office. The first reserve was for one-time Capital Investments in the amount of \$21,484,400. This reserve represents capital improvement projects that are budgeted in various General Fund and General Fund Supported Departments. A second reserve established by the Mayor was for a one-time Systems Investment reserve in the amount of \$8,656,288. According to Mr. Madden, this Administrative Provision was found to be unnecessary and has therefore been deleted from the AAO.

7. The proposed Interim Annual Salary Ordinance (ASO) includes amended Administrative Provisions which would alter the following Sections:

- Section 1.3 has been amended to remove references to the employment of Legislative Analysts through consideration by the Clerk of the Board of Supervisors based on recommendations of the Director of Human Resources, the Controller and the Budget Analyst. According to Ms. Andrea Gourdine, Director of Human Resources, this provision is no longer applicable.
- Section 1.1B has been amended to enable the Director of Human Resources to authorize exempt temporary appointments for Class 1229 Special Examiner. The Class 1229 Special Examiner is used for Police Academy Instructors, many of whom are also employed as San Francisco Police Officers. Such positions are now paid without receiving a temporary appointment to Class 1229 and therefore receive, in effect, contract payments instead of regular salary compensation through the City's payroll system. This change is being made in order to comply with Internal Revenue Service regulations.
- Section 1.3B of the Interim ASO also specifies meal prices for Sheriff's Department employees working at San Francisco General Hospital's Jail Medical Ward 7D. Presently, prices are \$3.31 for breakfast, \$4.53 for lunch and \$6.11 for dinner. The proposed amendment to the Interim ASO would replace these prices with a fixed price of \$5.09 for all meals.

8. In past years, the Mayor's recommended Interim Annual Appropriation Ordinance and the Interim Annual Salary Ordinance have, in general, been routinely approved by the Board of Supervisors, with the exception of new positions and new programs, capital improvements and equipment, as noted above.

9. At the direction of the Finance and Labor Committee and the full Board of Supervisors, the Budget Analyst has historically been instructed to analyze the Mayor's recommended budget in detail and make recommendations for reducing the Mayor's recommended budget only if such recommendations do not result in service level reductions. Budget reductions recommended by the Budget Analyst and

approved by the Board, have often been used by the Board of Supervisors as a source of funds to: (a) restore items deleted in the Mayor's recommended budget; (b) include new items in the budget based on the priorities of the Board of Supervisors; and/or (c) increase the General Fund Reserve. In accordance with the Charter, the reallocation of any savings realized from budget reductions made by the Board of Supervisors can now be made by the Board of Supervisors without appropriation approval by the Mayor, in accordance with the priorities of the Board of Supervisors. Such amendments would be subject to Mayoral veto.

10. In accordance with the 1999-2000 Budget Calendar, the Interim Annual Appropriation Ordinance and the Interim Annual Salary Ordinance are scheduled to be passed on first reading at the June 14, 1999 meeting of the Board of Supervisors. Final passage of these ordinances is scheduled for June 21, 1999.

11. The Budget Analyst has previously been advised by Mr. Burke Delventhal of the City Attorney's Office that the Board of Supervisors is required to approve the Mayor's recommended Interim Annual Appropriation Ordinance and Interim Annual Salary Ordinance (and therefore the Interim Budget), subject to any additional reductions which the Board may choose to make, by no later than June 30th of each year. Mr. Delventhal has further advised the Budget Analyst that if these ordinances are not approved by the Board of Supervisors by June 30, the Controller will no longer have authority to issue payroll warrants to City and County employees or to issue other warrants to pay for any other City and County services.

Mr. Harrington has previously advised the Budget Analyst that he concurs with the opinion of Mr. Delventhal. The Controller would cease to issue any further City and County warrants unless the Board of Supervisors approves an Interim Annual Appropriation Ordinance and Interim Annual Salary Ordinance (the Interim Budget) by June 30.

12. Various exceptions have been recommended by the Mayor to the Interim Annual Appropriation Ordinance and the Interim Annual Salary Ordinance in order to authorize a total of 60.4 new positions during the interim budget period between July 1 and July 31, including a 0.9 FTE new position in the Department of Administrative Services, 13 new positions for City Planning, 10 new positions for the Department of Public Health, 16 new positions for the Department of Telecommunications and Information Services, 5 new positions for the Emergency Communications Department, 9.5 new positions for the Fine Arts Museum and 6 new positions for the Recreation and Park Department.

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The Mayor's recommended exceptions to the Interim AAO and Interim ASO are discussed below, separately for each department.

Department of Administrative Services

<u>Program</u>	<u>Class</u>	<u>Title</u>	<u>No. Positions</u>	<u>1999-2000 Budget Amount</u>	<u>Maximum Annual Salaries</u>
Administrative Services	1372	Special Assistant XIII	0.9	\$69,900	\$69,900

The Department requests one new position for hiring as of August 1, 1999 for the 2000 Census Project. We do not recommend approval of an exception to the Interim Appropriation Ordinance, because the explanation for this new position includes additional duties beyond the 2000 Census Project, and the proposed new position is expected to become permanent, full time. The justification for this new position will be analyzed as part of the overall budget review by the Budget Analyst's Office and will be reported to the Finance Committee during the next two weeks.

City Planning

<u>Program</u>	<u>Class</u>	<u>Title</u>	<u>No. Positions</u>	<u>1999-2000 Budget Amount</u>	<u>Maximum Annual Salaries</u>
Current Planning (FDP)	1426	Senior Clerk Typist	1.0	\$41,176	\$41,815
Current Planning (FDP)	5277	Planner I	1.0	46,561	47,055
Current Planning (FDP)	5278	Planner II	3.0	169,774	171,583
Current Planning (FDP)	5291	Planner III	5.0	335,524	339,159
Current Planning (FDP)	5294	Planner IV	2.0	159,260	160,972
Current Planning (FDP)	5297	Planner V	<u>1.0</u>	<u>94,408</u>	<u>95,446</u>
Totals			13.0	\$ 846,703	\$856,030

The Department of City Planning is requesting an Interim Salary Ordinance exception of 13 positions for assignment to its Current Planning Program in order to address a backlog of cases submitted to the Department for processing. The Department's revenue for fee-related work in Current Planning is increasing by \$1,574,375, from the original budget of \$4,940,779 in FY 1998-99 to \$6,515,154 in FY 1999-00, which is more than sufficient to cover the salary and related cost increases.

The Budget Analyst recommends approval of the Interim Exception request for these fee supported positions based on the increased planning permit processing workload and proportionate revenue increase. Approval of this Interim Exception request will permit the Department to begin recruitment and selection for these

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positions. However, the Budget Analyst does not believe it is realistic that the new positions will be filled by July 1, 1999. Therefore, recommendations to adjust funding for these new positions will be presented to the Finance and Labor Committee over the next two weeks.

City Planning is also requesting two new, General Fund supported positions in the FY 1999-2000 budget. The Budget Analyst is continuing to evaluate the request for these two new positions and will report the results of our review to the Finance and Labor Committee during the next two weeks.

Department of Public Health

<u>Program</u>	<u>Class</u>	<u>Title</u>	<u>No. Positions</u>	<u>1999-2000 Budget Amount</u>	<u>Maximum Annual Salaries</u>
HPH-DPM	2548	Occupational Therapist	4.0	\$251,898	\$271,328
HPH-DPM	2830	Public Health Nurse	4.0	287,680	288,410
HPH-DMM	2574	Clinical Psychologist	1.0	72,239	72,993
HPH-DMM	2930	Mental Health Clinician	<u>1.0</u>	<u>62,392</u>	<u>63,063</u>
Totals			10.0	\$674,209	\$695,794

The Department of Public Health requests an interim exception for 4.0 FTE new Occupational Therapists and 4.0 new Public Health Nurse positions that would be added to the Community Health, Maternal and Child Health Program to provide services to children with handicaps or catastrophic medical conditions. This program is funded by new State revenues funded through MediCal and a new "Healthy Families Program". Additionally, the State has informed DPH that the City's current Occupational Therapist staffing is deficient in relation to State caseload standards.

A new 1.0 FTE Clinical Psychologist and 1.0 FTE Mental Health Clinician would be added to the Mental Health Community Care program to provide mental health services for children in foster care. The positions would be funded by Short Doyle MediCal, Early Periodic Detection, Screening and Treatment Program (EPDST) monies which do not require a County match. These positions were previously funded by the State through contractual services in the City's Department of Human Services.

Approval of this Interim Exception request will permit the Department to begin recruitment and selection for these positions. However, the Budget Analyst does not believe it is realistic that the new positions will be filled by July 1, 1999. Therefore, recommendations to adjust funding for these new positions will be presented to the Finance and Labor Committee over the next two weeks.

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Department of Telecommunications and Information Services (DTIS)

The Department reports that the City's new 911 System will be operational by January 15, 2000 and the following 16 positions are essential to ensure successful implementation of the System.

<u>Program</u>	<u>Class</u>	<u>Title</u>	<u>No. Positions</u>	<u>1999-2000 Budget Amount</u>	<u>Maximum Annual Salaries</u>
Network Data, Radio & 1022 Phone		Administrator II	3	\$ 140,325	\$ 171,790
Network Data, Radio & 1023 Phone		Administrator III	1	56,859	69,582
Network Data, Radio & 1024 Phone		Administrator-Supervisor	<u>1</u>	<u>61,177</u>	<u>74,854</u>
Subtotal			5	\$ 258,361	\$ 316,226

The 5 positions shown above are needed to administer the 60 Local Area Networks that have been installed at the Emergency Communications Department, and the District Police Stations and Fire Stations. Staffing will be provided 24 hours per day. The Budget Analyst recommends approval of these requested five exceptions.

<u>Program</u>	<u>Class</u>	<u>Title</u>	<u>No. Positions</u>	<u>1999-2000 Budget Amount</u>	<u>Maximum Annual Salaries</u>
Network Data, Radio & 1042 Phone	Engineer-Journey		1	\$ 68,086	\$ 76,734
Network Data, Radio & 1043 Phone	Engineer-Senior		1	77,990	84,981
Network Data, Radio & 1044 Phone	Engineer-Principal		<u>1</u>	<u>74,222</u>	<u>91,428</u>
Subtotals			3	\$ 220,298	\$ 253,143

According to DTIS, these 3 positions are needed immediately to administer the Wide Area Network that is being developed by a contractor. Staffing will be provided 24 hours per day. The Budget Analyst recommends approval of these requested three exceptions.

<u>Program</u>	<u>Class</u>	<u>Title</u>	<u>No. Positions</u>	<u>1999-2000 Budget Amount</u>	<u>Maximum Annual Salaries</u>
Network Data, Radio & 7367 Phone	Radio Technician		5	\$ 310,225	\$ 379,755
Network Data, Radio & 7368 Phone	Senior Radio Technician		<u>1</u>	<u>71,838</u>	<u>87,930</u>
Subtotal			6	\$ 382,063	\$ 467,685

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These 6 positions will be responsible for the City's 800 MHz Radio System and Wide Area Network/Local Area Network infrastructure. Training of Radio Technicians will be required prior to the January, 2000 date when the City's 800 MHz Radio System becomes operational. The training on the radio system will take 6 months. Staffing will be provided 24 hours per day. The Budget Analyst recommends approval of these requested six exceptions.

<u>Program</u>	<u>Class</u>	<u>Title</u>	<u>No.</u> <u>Positions</u>	<u>1999-2000</u> <u>Budget</u> <u>Amount</u>	<u>Maximum</u> <u>Annual</u> <u>Salaries</u>
Management/Admin.	1204	Senior Personnel Clerk	1	\$ 38,340	\$ 46,980
Management/Admin.	1244	Senior Personnel Analyst	<u>1</u>	<u>55,760</u>	<u>68,225</u>
Subtotals			2	\$ 94,100	\$ 115,205

The Department reports that they are having difficulty recruiting for all Information Technology classes in DTIS because of the heavy competition with private industry. Although not related to the 911 System these two positions are requested to ensure successful hiring and training of the technical support staff. Presently, the DTIS personnel function is staffed by one 1240 Department Personnel Officer and one 1244 Senior Personnel Officer. DTIS now has total staffing of 279 FTEs. The Budget Analyst recommends approval of these requested two exceptions.

	<u>No.</u> <u>Positions</u>	<u>1999-2000</u> <u>Budget</u> <u>Amount</u>	<u>Maximum</u> <u>Annual</u> <u>Salaries</u>
DTIS Grand Total	16	\$954,822	\$1,152,259

As noted above, 14 of the DTIS requested 16 positions are needed for the City's 911 System which is anticipated to become operational on January 15, 2000.

Approval of this Interim Exception request will permit the Department to begin recruitment and selection for these positions. However, the Budget Analyst does not believe it is realistic that the new positions will be filled by July 1, 1999. Therefore, recommendations to adjust funding for these new positions will be presented to the Finance and Labor Committee over the next two weeks.

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Emergency Communications Department

<u>Program</u>	<u>Class</u>	<u>Title</u>	<u>No. Positions</u>	<u>1999-2000 Budget Amount</u>	<u>Maximum Annual Salaries</u>
ECD Administration	1222	Senior Payroll Clerk	1	\$ 41,791	\$51,156
ECD Administration	1241	Personnel Analyst	1	38,515	57,132
ECD Administration	1424	Clerk Typist	2	63,684	76,055
ECD Administration	1380	Special Assistant XXI (informally designated as ECD Director)	1	<u>111,776</u>	<u>132,849</u>
Totals			5	\$ 255,766	\$ 317,192

The Emergency Communications Department (ECD) will assume management control over 151 Emergency Communications Dispatchers transferred from the Police Department effective July 1, 1999. The Police Department has not transferred additional administrative support positions however. We therefore recommend interim exceptions for the necessary support positions including the 1222 Senior Payroll Clerk, the 1241 Personnel Analyst and the two 1424 Clerk Typist positions for a total of four of the requested five positions. Overall, because of the transfer of Dispatcher positions from the Police Department, ECD's total number of FTEs in the FY 1999-2000 Mayor's Recommended Budget is 180.29, an increase of 156.82 over the 23.47 FTEs in the original FY 1998-99 budget.

According to Mr. Ed Harrington, Controller, a Selection Committee for the ECD Director position, made up of the Controller, the Chief of Police, the Fire Chief, the DTIS Executive Director and the Emergency Communications Project Director is currently reviewing resumes and will begin interviewing candidates for the ECD Director during July, 1999. The actual date of hire for the new ECD Director is still uncertain however.

Approval of this Interim Exception request will permit the Department to begin recruitment and selection for these positions. However, the Budget Analyst does not believe it is realistic that the new positions will be filled by July 1, 1999. Therefore, recommendations to adjust funding for these 5 new positions will be presented to the Finance and Labor Committee over the next two weeks.

Fine Arts Museum

<u>Program</u>	<u>Class</u>	<u>Title</u>	<u>No. Positions</u>	<u>1999-2000 Budget Amount</u>	<u>Maximum Annual Salaries</u>
Operation & Maintenance of Museums	8226	Museum Guard	9.5	\$347,708	\$404,159

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The Fine Arts Museum is requesting 9.5 new permanent positions to replace temporary guards used for traveling exhibition galleries held at the de Young and Legion of Honor Museums. Prior to January of 1999, the Fine Arts Museum used contract guards, funded with private, off-budget funds, to staff the traveling exhibition galleries. In January, 1999, the Department discontinued the use of contract guards and hired 9.5 temporary Civil Service Museum Guards, whose salaries were paid for with existing funds in the Museum's FY 1998-99 temporary salaries budget. Since these guards work year-round on a full-time basis, the Museum is now requesting that the existing 9.5 temporary Civil Service Museum Guards be converted to permanent status, effective July 1, 1999. The Budget Analyst is recommending against the 9.5 new permanent positions because the transfer of these 9.5 positions, formerly funded privately by the Fine Arts Museum, would now be financed from the City's General Fund, which is not justified. The City currently contributes over \$4.9 million from the General Fund and from the Hotel Tax Fund to the Fine Arts Museum's FY 1998-99 budget. Therefore, General Fund support for the Fine Arts Museum would increase by 18.4 percent to nearly \$5.8 million (excluding the cost of the proposed 9.5 new positions) based on the Mayor's Recommended FY 1999-2000 budget.

Recreation and Park Department

<u>Program</u>	<u>Class</u>	<u>Title</u>	<u>No. Positions</u>	<u>1999-2000 Budget Amount</u>	<u>Maximum Annual Salaries</u>
Golden Gate Park	9910	Public Service Trainee	6.00	\$117,630	\$117,630

The Recreation and Park Department (RPD) is requesting six new positions for its Public Service Trainee Program, a return-to-work program which hires temporary workers who are unemployed to perform park maintenance and clean-up activities in Golden Gate Park for a four-month period. The Program is currently funded through RPD's temporary salaries budget and consists of 12 temporary positions. For FY 1999-00, RPD is seeking to convert the 12 existing temporary positions to permanent status, plus add an additional six permanent positions. This request for an Interim Budget exception is being made so that RPD can fill the six new permanent positions on July 1, 1999, in time for the relatively busier summer months. The Budget Analyst is recommending against approval of these six new positions because the intent of the Public Service Trainee Program is to hire workers on a temporary, four month basis, and therefore, the Public Service Trainee Program should continue to be funded through temporary salaries.

Recommendations Pertaining to Requested Interim Budget Exceptions

1. As noted above, the Board of Supervisors has not approved new positions and programs during the interim budget period without detailed review unless exceptions are made. Based on the Departmental justifications described above, the Budget Analyst is recommending approval of the following interim budget exceptions as of July 1, 1999:

<u>Department</u>	<u>Class</u>	<u>Title</u>	<u>No. Positions</u>	<u>1999-2000 Budget Amount</u>	<u>Maximum Annual Salaries</u>
City Planning	1426	Senior Clerk Typist	1.0	\$41,176	\$41,815
	5277	Planner I	1.0	46,561	47,055
	5278	Planner II	3.0	169,774	171,583
	5291	Planner III	5.0	335,524	339,159
	5294	Planner IV	2.0	159,260	160,972
	5297	Planner V	<u>1.0</u>	<u>94,408</u>	<u>95,446</u>
City Planning Total			13.0	\$ 846,703	\$856,030
Department of Public Health (DPH)	2548	Occupational Therapist	4.0	\$251,898	\$271,328
	2830	Public Health Nurse	4.0	287,680	288,410
	2574	Clinical Psychologist	1.0	72,239	72,993
	2930	Mental Health Clinician	<u>1.0</u>	<u>62,392</u>	<u>63,063</u>
DPH Total			10.0	\$674,209	\$695,794
DTIS	1022	Administrator II	3	\$ 140,325	\$ 171,790
	1023	Administrator III	1	56,859	69,582
	1024	Administrator-Supervisor	1	61,177	74,854
	1042	Engineer-Journey	1	68,086	76,734
	1043	Engineer-Senior	1	77,990	84,981
	1044	Engineer-Principal	1	74,222	91,428
	7367	Radio Technician	5	310,225	379,755
	7368	Senior Radio Technician	1	71,838	87,930
	1204	Senior Personnel Clerk	1	38,340	46,980
	1244	Senior Personnel Analyst	<u>1</u>	<u>55,760</u>	<u>68,225</u>
DTIS Total			16	\$954,822	\$1,152,259
Emergency Communications (ECD)	1222	Senior Payroll Clerk	1	\$ 41,791	\$51,156
	1241	Personnel Analyst	1	38,515	57,132
	1424	Clerk Typist	2	63,684	76,055
	1380	Special Assistant XXI (informally designated as ECD Director)	<u>1</u>	<u>111,776</u>	<u>132,849</u>
ECD Totals			<u>5</u>	<u>\$ 255,766</u>	<u>\$ 317,192</u>
Grand Total			44	\$2,731,500	\$3,292,603

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Approval of these Interim Exception requests will permit the Department to begin recruitment and selection for these positions. However, as previously noted, the Budget Analyst does not believe it is realistic that the new positions will be filled by July 1, 1999. Therefore, recommendations to adjust funding for these new positions will be presented to the Finance and Labor Committee over the next two weeks.

The Budget Analyst is recommending that the following requested interim exceptions be disapproved.

<u>Department</u>	<u>Class</u>	<u>Title</u>	<u>No. Positions</u>	<u>1999-2000 Budget Amount</u>	<u>Maximum Annual Salaries</u>
Administrative Services	1372	Special Assistant XIII	0.9	\$ 69,900	\$ 69,900
Fine Arts Museum	8226	Museum Guard	9.5	347,708	404,159
Recreation and Park Department	9910	Public Service Trainee	<u>6.00</u>	<u>117,630</u>	<u>117,630</u>
Total			16.4	\$ 535,238	\$ 591,689

In summary of the total requested 60.4 new positions that are requested as exceptions to the Interim Annual Appropriation Ordinance and Interim Annual Salary Ordinance, the Budget Analyst recommends approval of 44 of the 60.4 positions and recommends disapproval of 16.4 of the 60.4 positions, for purposes of filling such positions immediately as of July 1, 1999.

Overall Recommendation

Amend the proposed Interim Annual Appropriation Ordinance and the proposed Interim Annual Salary Ordinance, in accordance with the Budget Analyst's recommendations for the exceptions as noted above, and approve the legislation as amended.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 6 - File 99-0690

Department: Department of Administrative Services (DAS)

Item: Ordinance amending Chapter 4, Part 1 of the San Francisco Municipal Code (Administrative Code) by adding Section 4.1-2 to authorize the Department of Administrative Services to charge fees for short term licenses for use of space at City Hall, filming activities at City Hall, and tours of City Hall.

Description: The proposed ordinance would amend the Administrative Code to authorize the Department of Administrative Services (DAS) to charge fees for short term licenses for use of space at City Hall, filming activities at City Hall, and tours¹ of City Hall.

The Attachment to this report was provided by DAS and lists the short term license fees before the renovation of City Hall, at the re-opening of City Hall and as proposed in the subject ordinance.

According to Ms. Kerry Painter of DAS, prior to the renovation of City Hall, the Department of Public Works (DPW) managed short-term licenses for use of City Hall for events and filming activities. Ms. Painter explains that DPW had only charged for the labor costs associated with providing the space and did not charge for the space, itself. Ms. Painter reports and as indicated in the Attachment to this report, fees charged before the renovation of City Hall resulted in estimated annual revenues of \$221,400. Ms. Painter further reports and as also indicated in the Attachment to this report, the proposed fees are expected to generate \$744,325 annually which is the same annual amount estimated from the fee structure when City Hall was re-opened. Ms. Painter explains that, although the estimated annual revenues from short-term licenses (a) at the re-opening of City Hall and (b) per the proposed ordinance are anticipated to be

¹ These tours would be arranged upon request and would be provided in addition to the tours currently offered free to the public four times per weekday.

Memo to Finance and Labor Committee
June 9, 1999 Finance and Labor Committee Meeting

the same, the rates per type of use are calculated differently and are based more directly on the actual costs to DAS of providing the space per event.

As noted in the Attachment, the fees range from a low of \$75 for tour groups of up to 30 people to a high of \$12,500 for short-term license for use of the Rotunda with food service and optional use of the Light Courts.

Comments:

1. Ms. Painter explains that DAS has charged fees since January of 1999 for use of the renovated City Hall but that these fees were not previously requested to be included in the Administrative Code because DAS had not finalized the fee structure until the preparation of the subject ordinance. Ms. Painter further explains that DAS prepared the subject ordinance and finalized the fee structure after comparisons were made with other governmental agencies and some events were hosted at rented City Hall space.

2. Ms. Painter reports that all of the subject fee revenues would be credited to the General Fund.

Recommendation:

Approval of the proposed ordinance is a policy decision for the Board of Supervisors.

Attachment

SHORT TERM LICENSE FEES ("Event Fees")	Before Renovation	At Bldg Opening	Proposed	# Events	Total Revenue
Rotunda Flat Rate	5,400	12,500	12,500	12	150,000
With Food Served					
May Include Light Courts					
25% 501c3 Discount Rate	5,400	9,375	9,375	11	103,125
Rotunda Flat Rate	5,400	10,000	10,000	8	80,000
Without Food Service					
May Include Light Courts					
25% 501c3 Discount Rate	5,400	7,500	7,500	6	45,000
North or South Light Court Only Flat Rate		4,000	4,000	16	64,000
With food served and/or Saturday or Sunday rental					
25% 501c3 Discount Rate		3,000	3,000	11	33,000
North or South Light Court Only Flat Rate		2,000	2,000	14	28,000
Without food served Monday through Friday					
Rotunda Hourly Rate	540	1,000	1,000	48	48,000
8AM-4PM, Saturday & Sunday Only					
North Light Court Hourly Rate		500	500	64	32,000
8AM - 4PM					
South Light Court Hourly Rate		500	500	0	0
8AM-4PM, Saturday & Sunday Only					
Per Person Charge for Every Guest Over 100 (charge added to both hourly and flat rates)	0	0	4		75,600
Filming Activities	Note: Rates are negotiated				10,000
Tour Groups of up to 30 people		0	75	86	75,600
Tour Groups over 30 Participants		0	125	0	0
TOTAL REVENUES					744,325

NOTES

No Light Court rates are included in the first column because the light courts were not available for event when the building used to be occupied.

When the building was occupied prior to the renovation, there were typically 10 or fewer events per year.

Item 7 – File 99-0916

Note: This item was continued by the Finance Committee at its meeting of May 26, 1999.

1. The proposed ordinance would amend Section 16.157 of the Administrative Code to approve the City's FY 1999-2000 Health Service System plans and rates of contribution, as adopted by the Health Service Board, to be paid by the members of the System. The members of the System are employees, retirees, and surviving spouses of former employees and retirees of the City and County of San Francisco, the San Francisco Unified School District, and the Community College District.

HEALTH PLANS

2. The Board of Supervisors previously adopted a resolution (File 99-0606) setting the City's contribution to the Health Service Fund for FY 1999-2000 at \$180.85 per month for each member. The City's contribution was established in accordance with Charter Sections A8.423 and A8.428, which set the average contribution rate based on a survey of the 10 most populous counties in California (excluding San Francisco). The City's contribution of \$180.85 per month (\$2,170.20 annually) represents an increase of \$6.09 per month, or approximately 3.5 percent, from the FY 1998-99 rate of \$174.76 per month (\$2,097.12 annually).

3. Once the City's contribution is established, member contributions are calculated by the Health Service System actuary, Rael and Letson, Consulting Actuaries, in order to ensure that contributions from all sources will be adequate to support anticipated claims for the upcoming fiscal year. The proposed ordinance would establish member contribution rates for FY 1999-2000 in accordance with Charter Sections A8.421 and A8.422. Charter Sections A8.421 and A8.422 require approval by three-fourths of the members of the Board of Supervisors after the Board has secured an actuarial report of the costs and effects of any proposed change in the benefits of the Health Service System or rates of contribution. Contribution rates vary according to: (1) whether or not a member is an active employee, retired employee, or surviving spouse; (2) whether or not that individual has Medicare coverage; and (3) which of the City's four health plans that individual elects to join. The actuarial report and details of the member contribution rates are contained in the file of the Clerk of the Board.

4. The following plans will be offered in FY 1999-2000:

- City Health Plan*
- Kaiser Foundation Health Plan
- Health Net
- PacifiCare

* Administered by the City's Health Service System.

5. According to Ms. Ann Sommercamp, Deputy Director of the Health Service System, the total amount of employer and member contributions for the health plans in FY 1999-2000 is estimated to be \$192.6 million, which is approximately 11.7 percent (\$20.2 million) more than the projected 1998-99 combined employer and member contributions of \$172.4 million. A summary of the estimated FY 1999-2000 employer and employee contributions of \$192.6 is as follows:

	Amount (Millions)	Percent of Total Contributions
City and County Employer Contribution		
- Active Employees	\$101.1	52.5%
- Retired Employees and Surviving Spouses	20.3	10.5%
School District/Community College District Employer Contribution		
- Active Employees	24.0	12.5%
- Retired Employees and Surviving Spouses	<u>7.7</u>	<u>4.0%</u>
Total Employer Contributions	\$153.1	79.5%
Member Contributions	<u>39.5</u>	<u>20.5%</u>
TOTAL CONTRIBUTIONS	\$192.6	100.0%

6. According to Ms. Sommercamp, of the total estimated employer contributions of \$153.1 million, approximately \$109.0 million or 71 percent, would be contributed from the City's General Fund. The remaining \$44.1 million of employer contributions would be paid from the City's Special Funds (e.g., Airport, Port, Water Department and Hetch Hetchy) and from Unified School District and Community College District revenue sources.

7. As shown in Table 1 below, the change in the monthly rates to be paid by active City employees with no dependents (single employees) for FY 1999-2000 ranges from no change in the monthly rate to a 155 percent increase of \$67.18 per month (\$806.16 annually), depending on the health plan selected (see Comment No. 9 for an explanation of this increase).

A comparison of the FY 1998-99 monthly rates for to be paid by active City employees with the proposed FY 1999-2000 rates adopted by the Health Service Board is as follows:

Table 1
Monthly Health Plan Rates to be Paid by Active City Employees
FY 1998-99 and FY 1999-2000

	1998-99 Monthly <u>Rates</u>	1999-2000 Monthly <u>Rates</u>	Monthly Increase/ <u>(Decrease)</u>	Percentage Increase <u>(Decrease)</u>
<u>City Health Plan</u>				
Single Employee	\$43.43	\$110.61	\$67.18	155%
Employee plus one dependent	238.12	317.75	79.63	33%
Employee plus two dependents	423.92	536.71	112.79	27%
<u>Kaiser Foundation Health Plan</u>				
Single Employee	2.00	4.00	2.00	100%
Employee plus one dependent	164.38	182.58	18.20	11%
Employee plus two dependents	299.16	330.81	31.65	11%
<u>Health Net</u>				
Single Employee	2.00	2.00	-0-	0%
Employee plus one dependent	165.72	170.36	4.64	3%
Employee plus two dependents	302.80	311.13	8.33	3%
<u>PacifiCare</u>				
Single Employee	2.00	2.00	-0-	0%
Employee plus one dependent	152.81	162.00	9.19	6%
Employee plus two dependents	279.18	295.15	15.97	6%

8. A comparison of the FY 1998-99 monthly rates to be paid by retired City employees who are enrolled in the Health Service System with the proposed FY 1999-2000 rates adopted by the Health Service Board is as follows:

Table 2
Monthly Health Plan Rates to be Paid by Retired City Employees*
FY 1998-99 and FY 1999-2000

	1998-99 Monthly Rates	1999-2000 Monthly Rates	Monthly Increase/ (Decrease)	Percentage Increase (Decrease)
<u>City Health Plan</u>				
Single Subscriber	\$0	\$65.11	\$65.11	-
Subscriber plus one dependent (dependent not Medicare eligible)	194.69	272.25	77.56	40%
Subscriber plus one dependent (dependent is Medicare eligible)	157.92	228.69	70.77	45%
<u>Kaiser Foundation Health Plan</u>				
Single Subscriber	0	0	0	0%
Subscriber plus one dependent (dependent not Medicare eligible)	162.38	178.58	16.20	10%
Subscriber plus one dependent (dependent is Medicare eligible)	28.31	13.62	(14.69)	(52%)
<u>Health Net</u>				
Single Subscriber	0	0	0	0%
Subscriber plus one dependent (dependent not Medicare eligible)	166.07	168.36	2.29	1%
Subscriber plus one dependent (dependent is Medicare eligible)	40.17	35.47	(4.70)	(12%)
<u>PacifiCare</u>				
Single Subscriber	0	0	0	0%
Subscriber plus one dependent (dependent not Medicare eligible)	153.16	159.64	6.48	4%
Subscriber plus one dependent (dependent is Medicare eligible)	28.64	31.54	2.90	10%

* Rates listed are those paid by subscribers who are eligible for Medicare Parts A & B. According to the Health Services System, such subscribers and their dependents comprise over 90 percent of retired enrollees in the System. For more detailed rate schedules, see the member contribution rate schedules on file with the Clerk of the Board.

As shown in Table 2 above, the change in the monthly rates to be paid by retired City employees with no dependents (single subscribers) for FY 1999-2000 depending on the health plan selected ranges from a 52 percent decrease of \$14.69 per month (\$176.28 annually) to an increase of \$65.11 per month or \$781.32 annually (in FY 1998-99 there was no charge to a retired single subscriber). See Comment No. 9 for a further explanation of this increase.

9. Ms. Sommercamp advises that the reason contribution rates for City employees and retirees under the City Health Plan are increasing is in large part because in FY 1998-99 a portion of the costs of the City Health Plan were subsidized by the Plan's Trust Fund and in FY 1999-2000 no such subsidy will be made. The Plan's Trust Fund is made up of accumulated employer and employee contributions to the City Health Plan and the interest earned on those monies. For FY 1998-99, it was determined by the Health Service System that sufficient funds existed in the Trust Fund to cover projected medical claims and subsidize member contributions, however for FY 1999-2000 it has been determined that Trust Fund monies are not sufficient to both cover projected medical claims and provide a subsidy. The Health Services System reports that, as of June 30, 1997, the balance in the Trust Fund was approximately \$29.0 million compared to \$12.5 million as of June 30, 1998.

According to the Health Services System, in FY 1998-99 employee contributions to the City Health Plan were subsidized by the Trust Fund at an average monthly rate of \$42.66 per single active employee. As a result, such a Trust Fund subsidy of active employee contributions in FY 1998-99 resulted in City employer contributions for retirees in FY 1998-99 at a higher rate than in FY 1999-2000, according to a formula set by the Charter, which therefore decreased the retiree contribution. For example, in FY 1998-99, the majority of retirees received a City employer contribution of \$166.16 compared to \$102.51 in FY 1999-2000. For a more detailed explanation of the Trust Fund and why employee and retiree contribution rates have increased, see Items 2 and 3, Files 99-0846 and 99-0468 of this report to the Finance and Labor Committee.

10. A description of the changes to the City Health Plan health benefits in FY 1999-2000 is provided in the Attachment, provided by the Health Services System. According to the Health Services System, the major changes in the City Health Plan benefits include an annual deductible for all members (employees and retirees) who use a physician designated as a "preferred provider" of \$250 for single members (currently members who use a "preferred provider" pay no annual deductible) and an annual prescription deductible for all members of \$50 (currently there is no deductible for prescriptions). The Health Services System reports that no major benefit changes were made to the other three health plans offered by the City in FY 1999-2000.

Dental Plan Benefits

11. The Health Service Board has approved the continuance of Delta Dental of California, the PMI DeltaCare Dental Plan and the Pacific Union Dental Plan. According to Ms. Sommercamp, as of March 1, 1999, a total of 25,509 active and retired employees were enrolled in the existing City-paid dental plans. Under the dental plans, all premiums for active City employees are paid by the City (there is no employee contribution). Retirees, and active Community College District and SFUSD employees must pay their dental benefits in full according to a separate schedule. Total premiums projected to be paid by retirees, and active City College and SFUSD employees will total \$2.1 million in FY 1999-2000, an increase of \$0.3 million (16.7 percent) over projected premiums for FY 1998-99 of \$1.8 million. As shown in Table 3 below, total premiums (based on current membership) to be paid by the City for its active employees will be an estimated \$26.1 million for FY 1999-2000, an increase of approximately \$1.1 million (4.4 percent) over projected premiums for FY 1998-99 of approximately \$25.0 million. A summary of these costs is as follows:

Table 3
**Projected Annual Dental Plan Premiums to be Paid by the City
for Active City Employees, FY 1998-99 and FY 1999-2000**

	Employee Membership	Projected 1998-99 Premiums* (in millions)	Projected 1999-2000 Premiums** (in millions)
Delta Dental of California	23,183	\$22.9	\$23.7
PMI DeltaCare Dental Plan	1,584	1.5	1.6
Pacific Union Dental Plan	<u>742</u>	<u>0.6</u>	<u>0.8</u>
Total	25,509	\$25.0	\$26.1

* Based on March 1, 1999 enrollments at existing monthly rates.

** Based on March 1, 1999 enrollments at FY 1999-2000 rates.

12. A comparison of the FY 1998-99 and FY 1999-2000 monthly premium rate schedules for employer contributions of the three dental plans is as follows:

Table 4
**Monthly Dental Plan Rates to be Paid by the City for
Active City Employees, FY 1998-99 and 1999-2000**

	1998-99 Monthly <u>Rates</u>	1999-2000 Monthly <u>Rates</u>	Monthly Increase/ (Decrease)	Percentage Increase (Decrease)
<u>Delta Dental</u>				
Single Employee	\$46.68	\$48.05	\$1.37	3%
Employee plus one dependent	79.36	78.96	(0.40)	(1%)
Employee plus two dependents	121.37	118.70	(2.67)	(2%)
<u>PMI DeltaCare Dental Plan</u>				
Single Employee	22.17	22.17	-0-	0%
Employee plus one dependent	36.58	36.58	-0-	0%
Employee plus two dependents	54.09	54.09	-0-	0%
<u>Pacific Union Dental Plan</u>				
Single Employee	18.55	20.40	1.85	10%
Employee plus one dependent	29.15	33.65	4.50	15%
Employee plus two dependents	46.11	49.76	3.65	8%

13. A choice of three dental plans that are fully paid for by retirees and active employees who are ineligible for employer paid dental coverage will also continue to be offered at no cost to the City. In both FY 1998-99 and FY 1999-2000, the three dental plans have reduced benefits, such as a lower maximum annual payment and no orthodontic benefits, in order to reduce the premium cost for plan participants. Active employees who are not eligible for employer paid dental coverage include Unified School District and the Community College District employees.

A comparison of the monthly premium rates to be paid by retired City employees and other employees who are ineligible for employer paid dental coverage (i.e. active employees of the Unified School District and Community College District) for the FY 1998-99 and FY 1999-2000 dental plans are shown in Table 5 below:

Table 5

**Dental Plan Monthly Premium Rates to be Paid by Retired City Employees
and Active Employees Who Are Ineligible for Employer Paid Coverage
FY 1998-99 and FY 1999-2000**

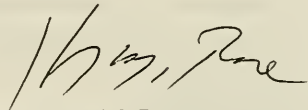
	1998-99 Monthly <u>Rates</u>	1999-2000 Monthly <u>Rates</u>	Monthly Increase/ (Decrease)	Percentage Increase (Decrease)
<u>Delta Dental</u>				
Single Employee	\$30.38	\$34.72	\$4.34	14%
Employee plus one dependent	60.47	56.30	(4.17)	(7%)
Employee plus two dependents	85.08	84.04	(1.04)	(1%)
<u>PMI DeltaCare Dental Plan</u>				
Single Employee	13.69	13.69	-0-	0%
Employee plus one dependent	22.59	22.59	-0-	0%
Employee plus two dependents	33.41	33.41	-0-	0%
<u>Pacific Union Dental Plan</u>				
Single Employee	10.86	13.14	2.28	21%
Employee plus one dependent	19.35	21.69	2.34	12%
Employee plus two dependents	27.56	32.07	4.51	16%

Comment

Many of the City's MOU's contain provisions whereby the City pays a portion of the employee's cost for the health and dental plans. Such payments by the City are not reflected in the data provided by the Health Service System shown in the tables of this report. The majority of City workers are covered by MOU's which provide that the full employee premium for single employees is paid by the City and up to \$225 of the employee premium for an employee with dependents is paid by the City. For example, contrary to the data shown in Table 1, a single employee enrolled under the City Health Plan paid nothing in FY 1998-1999 instead of the rate of \$43.43 per month and would again pay nothing under the proposed FY 1999-2000 rates instead of the rate of \$110.61 per month. An employee with one dependent enrolled under the City Health Plan in FY 1998-99 paid \$13.12 per month instead of \$233.12 and would pay \$92.75 per month under the proposed FY 1999-200 rates instead of the rate of \$317.75.

Recommendation

Since the Health Service System reports that the selection of the Health Service System plans and determination of the rates of member contribution for such plans have been conducted in accordance with the provisions of the City Charter, approve the proposed ordinance.



Harvey M. Rose

cc: Supervisor Yee
Supervisor Bierman
President Ammiano
Supervisor Becerril
Supervisor Brown
Supervisor Katz
Supervisor Kaufman
Supervisor Leno
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Legislative Analyst
Matthew Hymel
Stephen Kawa
Ted Lakey

4/30/99

SECTION 3 CHANGES IN BENEFIT PLANS.

You should carefully review the following changes in Benefit Plans before making your Open Enrollment decisions.

(a) Changes To City Health Plan.

- (1) Annual PPO Deductible. The Annual PPO Deductible is \$250 for employee only, \$500 for employee + 1, and \$750 for employee + 2 or more. It will be applied to all claims before payment. For employee only, this means the member is responsible for the first \$250 of medical charges.*
 - (2) Catastrophic Loss. The Health Plan will pay 100% of all PPO charges once the member (or family) has incurred \$25,000 of PPO expenses in any benefit year. This applies to the nine Bay Area PPO counties only.*
 - (3) No Fixed Dollar Copays. The PPO will no longer have copays. Rather City Plan will pay 85% of PPO and 50% of UCR charges for non-PPO contract rates once the annual deductible is satisfied. This applies to all medical charges: Hospital, physician, lab, X-ray, MRI, emergency room, etc.*
 - (4) Annual Non-PPO Deductible. The annual non-PPO deductible will be \$500 for employee only, \$1,000 for employee + 1, and \$1,500 for employee + 2. If a member uses both PPO and non-PPO providers, the member will need to satisfy the non-PPO deductible. The City Plan will then pay 50% of UCR charges per member.*
 - (5) Members Outside PPO. For individuals who reside outside of the nine Bay Area PPO counties, City Plan will continue to pay 80% of covered charges after the annual deductible of \$250 for employee only, \$500 for employee + 1, and \$750 for employee + 2 or more is satisfied.
 - (6) Annual Prescription Deductible. An annual prescription deductible of \$50 for employee only, \$100 employee + 1, and \$150 employee + 2 or more will be implemented. For employee only, this means the member is responsible for the first \$50.00 of prescription costs. Once this deductible is met, the member is responsible for a \$9 (generic) or \$18 (brand) copayment for a 30-day supply for each prescription.
- ➔ After the annual prescription deductible is met, the mail order drug benefit copayment is \$18 (generic) and \$36 (brand) for a 90-day supply. No controlled substances can be ordered via mail order.
- ➔
- (7) Use of Brand Instead of Generic. If you have a prescription for a brand name drug and there is a generic equivalent available, the drug will be filled using the generic. If the physician and/or patient requests the brand name, the member is responsible for the difference between the generic and brand name drug.
 - (8) Drug Utilization Review. A Drug Utilization Review (DUR) program will be instituted July 1, 1999. This program will determine appropriateness of prescribed medicine. This will prevent prescriptions being filled when contraindicated conditions are noted. It will also monitor appropriate dosage.
 - (9) Acupuncture and Chiropractic. The acupuncture and chiropractic (PPO and non-PPO) payment is 50% of charges once the annual deductible has been satisfied. The annual limit on acupuncture and chiropractic benefits is \$1,000 per year for each benefit.

* The local network PPO consists of the nine (9) Bay Area counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma. These rules apply to the nine Bay Area PPO counties only

CITY AND COUNTY



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Attn: *Susan Hom*
OF SAN FRANCISCO

BOARD OF SUPERVISORS
BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

June 11, 1999

TO: Finance and Labor Committee
FROM: Budget Analyst
SUBJECT: Mayor's Recommended FY 1999-2000 Budget

DOCUMENTS DEPT.

JUN 16 1999

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The Budget Analyst has conducted a detailed review of the Mayor's recommended FY 1999-2000 budget and has prepared reports and recommendations to reduce the Mayor's recommended budget. Our reports (a) describe the service impacts resulting from the Mayor's recommended budget when services are affected (b) contain recommendations to reduce various budgeted items and (c) contain recommendations to reserve various budgeted items only if insufficient data has been submitted to support the budget requests. The recommendations of the Budget Analyst to reduce the Mayor's budget, to be considered by the Finance and Labor Committee over the next two weeks, would not result in any existing service level reductions.

SUMMARY OF CHANGES IN EXPENDITURES AND POSITIONS

The Mayor's recommended FY 1999-2000 budget of \$4,194,617,922 is \$312,749,314 or approximately 8.1 percent more than the FY 1998-99 budget of \$3,881,868,608 as finally approved in the FY 1998-99 Annual Appropriation Ordinance.

The Mayor's recommended FY 1999-2000 total General Fund budget, including General Fund Department expenditures and General Fund contributions to General Fund Supported Departments, of \$1,983,725,272 is \$164,096,930 more than the FY 1998-99 General Fund budget \$1,819,628,342, an increase of 9.0 percent.

The Mayor's recommended FY 1999-2000 budget includes 27,439 funded positions or 1,454 more positions than the 25,985 funded positions shown in the original FY 1998-99 budget approved by the Mayor and the Board of Supervisors. The 27,439 positions in the Mayor's recommended FY 1999-2000 budget is 1,391 positions more than the 26,047 positions in the revised FY 1998-99 budget, after adjusting for supplemental appropriations approved subsequent to the approval of the FY 1998-99 budget.

A total of 725 or 49.9 percent of the 1,454 total new positions are funded from General Fund and General Fund-Supported departments.

GENERAL FUND EXPENDITURES AND RESERVES

The table below provides comparative data, for General Fund Expenditures, Contributions to General Fund Supported Departments and Reserves, between the original FY 1998-99 budget and the Mayor's Recommended 1999-2000 budget.

General Fund Comparison of Expenditures and Other Uses					
USES OF FUNDS	FY 1998-99 <u>Original</u>	FY 1998-99 <u>Revised</u>	FY 1999-2000 <u>Proposed</u>	Increase (Decrease) from FY 1998-99 <u>Original</u>	Percent Increase (Decrease) from <u>Original</u>
<u>Regular Expenditures</u>					
Gross Expenditures	\$1,770,450,012	\$1,812,446,805	\$1,882,174,850	\$111,724,838	6.3%
Less Interdepartmental Recoveries	<u>(159,171,118)</u>	<u>(179,556,899)</u>	<u>(176,514,135)</u>	<u>(17,343,017)</u>	10.9%
Net Regular Expenditures	\$1,611,278,894	\$1,632,889,906	\$1,705,660,715	\$94,381,821	5.9%
Capital Improvement/ Facilities Maintenance	21,416,798	12,116,160	21,719,110	302,312	1.4%
Contribution Transfers to General Fund Supported Departments *	126,675,063	143,598,500	192,126,026	65,450,963	51.7%
Reserves	35,257,587	16,279,943	39,219,421	3,961,834	11.2%
General Fund Reserve	<u>25,000,000</u>	<u>20,508,675</u>	<u>25,000,000</u>	-	-
Total Uses of Funds	\$1,819,628,342	\$1,825,393,184	\$1,983,725,272	\$164,096,930	9.0%

* General Fund Contributions to General Fund Supported Departments shown herein reflect corrections made by the Controller's Office to the Final 1998-99 Annual Appropriation Ordinance and the Interim 1999-2000 Annual Appropriation Ordinance.

BOARD OF SUPERVISORS
BUDGET ANALYST

As can be seen from the table above, total General Fund expenditures, including Contribution Transfers to General Fund Supported Departments, has increased by \$164,096,930 or 9.0 percent. The largest percentage increase in General Fund expenditures is for Contribution Transfers to General Fund Supported Departments, which increased by \$65,450,963 or 51.7 percent. Such Contribution Transfers are to subsidize non-General Fund operations, primarily the Public Transportation Commission (Muni), San Francisco General Hospital (SFGH) and Laguna Honda Hospital (LHH). Overall, the Mayor's Recommended FY 1999-2000 budget increases Contribution Transfers to Muni, SFGH and LHH by a total of \$65,608,438. Contributions to other non-General Fund operations have decreased by \$157,475, resulting in the net increase in Contribution Transfers to General Fund Supported Departments of \$65,450,963.

The Mayor's recommended FY 1999-2000 budget contains an undesignated General Fund Reserve of \$25,000,000, which is the same amount for the General Fund Reserve as finally approved in the FY 1998-99 Annual Appropriation Ordinance.

In addition, the City has an Emergency Reserve Fund balance of \$4,198,046 carried forward from FY 1998-99 into FY 1999-2000.

Designated Reserves

In addition to the undesignated General Fund Reserve of \$25,000,000, the Mayor's Recommended FY 1999-2000 budget contains six designated General Fund Reserves as follows:

100 Temporary Parking Control Officers (PCO) Traffic Program	\$ 500,000
On- City line Access	500,000
State Aid Payments	1,383,000
Litigation Reserve	9,000,000
Salary and Benefits	23,336,421
Year-End Closing Adjustments	<u>4,500,000</u>
Total Designated Reserves	\$39,219,421

The Litigation Reserve is established every year to set aside funds for lawsuits and related expenses anticipated by the City Attorney for the 1999-2000 Fiscal Year. The Salary and Benefits Reserve is calculated by the Controller and the Mayor's Office to provide funding for pending labor agreements that have not yet been approved by the Board of Supervisors. The Year-End Closing Audit Adjustments Reserve is established to provide funds for necessary expenditure

adjustments that are required during the closeout of the 1998-99 Fiscal Year and preparation of the Consolidated Annual Financial Report.

The remaining reserves shown in the table on the previous page will require a supplemental appropriation, approved by both the Mayor and the Board of Supervisors prior to release of such reserves. According to Mr. Matthew Hymel, Mayor's Director of Finance, the Reserve in the amount of \$500,000 for the 100 Temporary Parking Control Officers (PCOs) Traffic Program is recommended to set aside funds for the hiring of additional Temporary PCOs in the Department of Parking and Traffic (DPT) once the DPT has filled its permanent PCO staff vacancies. According to Mr. Hymel, such Temporary PCOs are intended to improve traffic and parking management and increase parking fine revenue.

The On- City line Access Reserve of \$500,000 is for a potential project to allow payment of City fines, fees and other items on-line. According to Mr. Hymel, this project has not yet been fully developed, so this reserve has been set aside for potential start-up costs.

The State Aid Payment Reserve of \$1,383,000 has been recommended by the Mayor to set aside funds for increased General Fund expenditures in the event that the State approves a cost of living adjustment for Temporary Aid for Needy Families (TANF) recipients. The amount of \$1,383,000 is the anticipated General Fund cost for such an adjustment and for any additional costs resulting from a cost of living increase for the City's County Adult Assistance Program (or CAAP, formerly the General Assistance program) recipients which would be triggered by the TANF benefit increase as required by the City ordinance that created the County Adult Assistance Program.

Mayor's Reserves

The Mayor's Recommended Budget has also placed the following projects on reserve, subject to release of funds by the Mayor, without approval by the Board of Supervisors of a supplemental appropriation.

Millenium Event Safety	\$ 1,218,226
Year 2000 Project	2,250,000
Court Management System	1,790,463
Citywide Capital Projects	<u>2,750,000</u> *
Total Mayor's Reserve	\$ 8,008,689

* The \$2,750,000 for Citywide Capital Projects is not designated in the Interim Annual Appropriation Ordinance as a Mayor's reserve. However, Mr. Hymel informs the Budget Analyst that the intended reserve will be shown in the Final Annual Appropriation Ordinance.

According to Mr. Hymel, the Millenium Event Safety Reserve of \$1,218,226 is for Police and Sheriff's personnel costs and other related expenditures, in the event that the Year 2000 New Year's Eve celebration warrants extraordinary expenditures for law enforcement services. The majority of the reserve is for Police Overtime (\$609,720 including fringe benefits) and Sheriff's Department overtime salaries (\$533,506). The reserve also includes \$75,000 for potential non-salary costs.

The \$2,250,000 Mayor's Reserve for the Year 2000 Project is for additional, unforeseen expenses related to Y2K compliance. As previously reported to the Finance and Labor Committee by the Budget Analyst, total appropriations between Fiscal Year 1997-98 and Fiscal Year 1998-99 related to Y2K compliance have amounted to \$4,981,954. If the additional \$2,250,000 for the Year 2000 Project reserved in the Mayor's budget is expended, then total expenditures for Y2K will amount to \$7,231,954. In addition to the Mayor's Year 2000 Project reserve, the Budget Analyst has identified \$1,678,469 in Y2K related equipment replacement for the Treasurer/Tax Collector (\$1,361,789) and Department of Public Health Medical Records Systems (\$316,680) within the respective departmental budgets. This proposed equipment replacement would further increase Y2K expenditures to a total of \$8,910,423.

The Court Management System Project Reserve of \$1,790,000 has been established by the Mayor pending the receipt of State funding for the Court Management System Project and a specification of the purposes for which such funds will be expended by the Trial Courts. The Court Management System is a computer system shared by the City's criminal justice agencies to track individuals from arrest to court disposition. This planned project would allow for conversion from a mainframe computer to smaller computers and development of a more current data base management system.

The \$2,750,000 Mayor's Reserve for Citywide Capital Projects is to set aside funds for unspecified capital needs that may arise during the 1999-00 Fiscal Year.

The Mayor's Reserves described above are budgeted in the General City Responsibilities Department and the Department of Public Works (for the \$2,750,000 Citywide Capital Reserve). The Budget Analyst will recommend that all four of the Mayor's Reserves also be reserved by the Finance and Labor Committee in order for the Committee to review and consider the future expenditures from such reserves. Our recommendation for such reserves will be included in the General City Responsibilities budget and the Department of Public Works budget. Mr. Hymel has indicated that he will request that the Finance and Labor Committee only reserve \$1,125,000 of the \$2,250,000 Year 2000 Project Reserve to

permit some flexibility in funding necessary Y2K compliance work during the first few months of FY 1999-2000.

Controller's Reserves

The Controller has established total reserves for expenditures included in departmental budgets in the amount of \$163,096,817 for various expenditures as described below:

<u>Department</u>	<u>Reason for Reserve</u>	<u>Expenditure Reserved</u>	<u>Amount</u>
Department of Human Services (DHS)	Pending receipt of Federal Funding	Non Personal Services (\$11,831,087); Aid Assistance (\$100,000); Non-Custodial Parents Pilot Project (\$1,069,682); California Welfare Information Network (\$6,442,003)	\$ 19,442,772
Business and Economic Development	Southeastern Environmental Mitigation - Detailed expenditure plan not yet available.	Funding approved in FY 1998-99 State Budget to: a) mitigate community issues and avoid environmental impacts arising from the sale of the Potrero Power Plant (\$3,000,000); b) infrastructure improvements related to shut down of the Hunters' Point Power Plant and or the sale of the Potrero (\$10,000,000)	13,000,000
Police *	Pending receipt of new Federal Grant Funds for the Community Oriented Policing (COPs) in School and the COPs Ahead programs which would add a total of 86 new Police Officers in FY 1999-2000.	Salaries (\$3,799,627); Fringe Benefits (\$754,568). Includes Federal Funds of \$2,633,333 and a General Fund match of \$1,920,862.	4,554,195
Water Department	Pending sale of commercial paper for financing of capital program	Capital Improvement Projects (Water Bond funded projects initially financed through the sale of commercial paper).	<u>126,099,850</u>
Total Controller's Reserves			\$ 163,096,817

* The reserve for the Police Department has been restated to correct coding errors in the Interim Annual Appropriation Ordinance.

BOARD OF SUPERVISORS
BUDGET ANALYST

Since there is no detailed expenditure plan presently available for the \$13,000,000 reserve for the Southeastern Environmental Mitigation, the Budget Analyst has recommended that these monies be reserved by the Finance and Labor Committee in the Business and Economic Development Department.

SOURCES OF FUNDS: REVENUES AND CONTRIBUTION TRANSFERS

FY 1998-99 General Fund Year End Surplus

The March 3, 1999 Joint Report prepared by the Mayor's Director of Finance, the Controller and the Budget Analyst projected a General Fund revenue surplus of \$1,500,000 for Fiscal Year 1999-2000. At that time, the Controller had estimated that the FY 1998-99 General Fund year end surplus, which would be available as a source of funds for the Fiscal Year 1999-2000 budget, would amount to \$86,000,000. Subsequently, on May 3, 1999, the Controller issued his Nine-Month Budget Status report with an \$100,900,000 estimate of the FY 1998-99 General Fund year end surplus. The Mayor's Recommended 1999-2000 budget includes General Fund prior year surplus funds in the amount of \$102,900,000, \$2,000,000 over the Controller's May 3, 1999 estimate for the FY 1998-99 surplus. and an increase of \$1,000,000 over the \$101,900,000 FY 1997-98 estimated surplus which was used as a source of funds for the original FY 1998-99 budget. According to Controller Ed Harrington, the increase in the General Fund prior year surplus funds of \$2,000,000 over the Controller's May 3, 1999 estimate is the result of an increased allocation of State Health Realignment funds for Fiscal Year 1998-99.

Regular Revenues

The Budget Analyst has reviewed the major budgeted General Fund revenues in the Mayor's Recommended FY 1999-2000 budget and found that such major revenues reflect the Controller's Nine-Month Budget Status report adjusted for revenue growth rates that are consistent with the assumptions employed by the March 3, 1999 Joint Report prepared by the Mayor's Director of Finance, the Controller and the Budget Analyst. In summary, Property Taxes are budgeted to increase by 5.6 percent over projected actual FY 1998-99 Property Tax revenue (based on the actual growth in the property assessment roll); Business Taxes (the Gross Receipts Tax, the Employers Payroll Tax and the Business License Tax) are budgeted to increase 5.0% over projected actual FY 1998-99 revenue and Sales Tax revenue is projected to increase by 3.0 percent over projected actual FY 1998-99 Sales Tax Revenue. Hotel Tax revenue is only projected to increase by 1.0 percent, reflecting lower rates of growth in Hotel Taxes that has been experienced for FY 1998-99.

The Budget Analyst notes that Real Property Transfer Tax Revenue is budgeted at \$42,000,000 for FY 1999-2000, the same amount budgeted for FY 1998-99, despite the fact that actual revenues for FY 1998-99 are now projected by the Controller to reach \$54,000,000. The budgeted amount of \$42,000,000 reflects the Joint Report's assumption that budget estimates for Real Property Transfer Tax Revenue should be conservative, given its volatile nature and history of wide fluctuations, which is dependent on large commercial and, to a lesser extent, residential real estate sales.

Lastly, General Fund revenues include a one-time revenue of \$5,500,000, representing a portion of the Bank of America settlement obtained by the City during the current 1998-99 Fiscal Year. The full amount of the settlement was \$7,500,000, however the Mayor's Recommended budget has included a lump sum project appropriation of \$2,000,000 in the FY 1999-2000 recommended budget of the City Attorney. The Budget Analyst has recommended deletion of the \$2,000,000 project appropriation in the City Attorney's budget.

*Contribution Transfers to the General Fund from the Airport Annual Service Payment and
Hetch Hetchy Surplus Revenues*

The General Fund receives an Annual Service Payment each year from the San Francisco International Airport based on concession sales. In FY 1998-99, the City repaid the remaining balance of the \$25.0 million Airport advance to the General Fund. This early full repayment reduced the FY 1998-99 Annual Service Payment to the General Fund from the Airport to \$10,953,550. However, with the repayment of the Airport advance, the City's General Fund will now receive the full amount of all future Airport Annual Service Payments to the General Fund. Therefore, the March 3, 1999 Joint Report projected that the revenue transfer from the San Francisco International Airport to the General Fund will increase by a full \$13.0 million, to a total of \$24,000,000 in FY 1999-2000.

The March 3, 1999 Joint Report did not estimate any change to the General Fund Contribution Transfer from Hetch Hetchy Surplus Revenues. The Hetch Hetchy Contribution Transfer to the General Fund has decreased by \$2,853,273 from the FY 1998-99 amount.

The table below summarizes the Contribution Transfers to the General Fund.

<u>Contribution Transfer</u>	FY 1999-200		
	<u>FY 1998-99</u> <u>Original Budget</u>	<u>Recommended</u> <u>Budget</u>	<u>Increase</u> <u>(Decrease)</u>
Airport Annual Service Payment	\$ 10,953,550	\$ 24,000,000	\$13,046,450
Hetch Hetchy Surplus Revenue Transfer	<u>42,703,273</u>	<u>39,850,000</u>	<u>(2,853,273)</u>
Totals	\$ 53,656,823	\$ 63,850,000	\$10,193,177

CHANGES TO DEPARTMENT OF TELECOMMUNICATIONS AND INFORMATION SERVICES CHARGES FOR SERVICES

The Department of Telecommunications and Information Services (DTIS) budget is funded by a combination of charges to City Departments for DTIS services (i.e., Work Order Recoveries) and General Fund support. During FY 1998-99, DTIS conducted a rate study to review its charges and the method of distributing its direct and overhead costs to City Departments. The rate study resulted in a restructuring of DTIS Work Order Recovery rates, increasing Work Order Recoveries from most City Departments. In addition, the Mayor's Recommended budget includes approximately \$7.1 million in new DTIS charges for services provided by DTIS in support of the new 911 Emergency Command Center. The charges for DTIS services provided to the 911 Emergency Command Center are divided between the Police Department, the Fire Department and the Emergency Communications Department, and therefore represent a new General Fund cost.

According to an analysis provided by the Controller at the request of the Budget Analyst, the restructuring of DTIS Work Order Recovery rates resulted in a shift of approximately \$2.6 million in baseline DTIS costs from General Fund and General Fund Supported Departments to self-supporting departments such as the Airport. However, the new DTIS charges for the 911 Emergency Command Center of \$7.1 million, which is a new General Fund cost, offsets the \$2.6 million savings to the General Fund from the rate restructuring.

The net impact on the General Fund is therefore an increased cost of \$4.5 million annually (the \$7.1 new General Fund cost for DTIS services for the new 911 Emergency Command Center less the \$2.6 million General Fund cost reduction due to the restructuring of DTIS Work Order Recovery rates).

BOARD OF SUPERVISORS
BUDGET ANALYST

UNDERFUNDED ITEMS

In past Fiscal Years, the Budget Analyst has reported to the Board of Supervisors that certain General Fund expenditures in the Mayor's recommended budget have been significantly underbudgeted. Typically, such items include Police Overtime and Workers Compensation. In FY 1998-99, the Police Department has exceeded its overtime budget by an estimated \$1,000,000 according to the Controller's latest expenditure projections. This overexpenditure has been offset by salary and fringe benefit savings. For the FY 1999-2000 budget, the Mayor has recommended no increase in the General Fund Police Overtime budget of \$11,104,205. Based on current year spending therefore, Police Overtime may be underbudgeted by \$1,000,000. The actual amount of Police Overtime needed in excess of the annual budget appropriation will depend largely on the level of special event coverage required of the SFPD. According to Mr. Hymel, the Mayor's Office believes that Police Overtime will be adequately funded at current levels based on recent expenditure trends that show declining expenditures for Police Overtime.

The Controller's Nine-Month budget status report estimated a General Fund deficit in Workers Compensation amounting to approximately \$4,875,000. The Budget Analyst has reviewed the Mayor's Recommended FY 1999-2000 budget for the adequacy of Workers Compensation budgeted expenditures. We have found that the Mayor's Recommended budget has increased budgeted expenditures for Workers Compensation in General Fund and General Fund supported departments to levels that approximate current year spending levels. However, the Budget Analyst notes that amounts for Workers Compensation expenditures in the Mayor's Recommended Budget do not allow for growth in spending over the current 1998-99 Fiscal Year. The percentage increase between FY 1997-98 actual Workers Compensation expenditures and the Controller's projected FY 1998-99 expenditures is 14.5 percent.

According to Mr. Hymel, the Mayor has announced budgetary incentives for controlling Workers Compensation costs. Departments who expend less than their FY 1999-2000 budget for Workers Compensation will be allowed to "re-program" such savings for other Departmental spending priorities. In addition, a the Mayor's Workers Compensation Council (comprised of the Controller, the Director of Human Resources, the General Manager of the Employees Retirement System and Mr. Hymel) will be commissioning a study, using unspent prior year project funds, to improve Workers Compensation claims management efficiency and develop improved management information reports.

However, if FY 1999-2000 Workers Compensation expenditures increase by 14.5 percent, which is the percentage increase projected by the Controller to occur

BOARD OF SUPERVISORS
BUDGET ANALYST

in FY 1998-99 over FY 1997-98, the Mayor's Recommended FY 1999-2000 budget for Workers Compensation expenditures will be underfunded by approximately \$7,200,000.

BUDGET ANALYST RECOMMENDATIONS

Over the next two weeks, the Budget Analyst will be presenting recommendations to reduce expenditures in the Mayor's recommended FY 1999-2000 budget without reducing services below current levels. For example, the Budget Analyst has found that many City Departments are now requesting upward substitutions of new positions for existing positions, resulting in increased salary and fringe benefit costs. Based on the fact that such substitutions were made during previous years without budgetary approval by the Board of Supervisors, the Budget Analyst will recommend, where appropriate, increased attrition savings to enable the Department to continue to maintain the existing filled positions, at the higher salary and fringe benefit cost, but eliminate increased expenditures as a result of such a substitution of positions.

Significant recommendations will be presented for the following City Departmental budgets to be considered by the Finance and Labor Committee at its meeting of June 15, 1999, with various other recommended reductions to be reported subsequent to the issuance of this report:

<u>Department</u>	<u>Budget Analyst's Recommended Expenditure Reductions</u>
Administrative Services	\$ 1,136,332
City Attorney	3,044,212
City Planning	541,538
Trial Courts*	306,920
District Attorney	648,502
Sheriff	549,547
Police	2,873,634
Fire	<u>2,922,850</u>
 Total	 \$12,023,535

* The budget of the Trial Courts is not subject to review by the Mayor. Only the Board of Supervisors can reduce the budget of the Trial Courts.

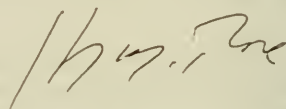
BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Finance and Labor Committee
June 11, 1999

The recommendations of the Budget Analyst are subject to change over the next two weeks based on new information provided by City Departments.

The results of the Budget Analyst's review are detailed in three separate reports to the Finance and Labor Committee. Each report contains the recommendations of the Budget Analyst, along with explanations supporting those recommendations. These reports are as follows:

- General Administration and Finance and Public Protection (June 15, 1999, 1:00 p.m.)
- Culture and Recreation and Public Works, Transportation and Commerce (June 16, 1999, 1:00 p.m.)
- Human Welfare, Community Health - Department of Public Health, General City Responsibilities and Capital Projects (June 17, 1999, 1:00 p.m.)



Harvey M. Rose

cc: Supervisor Yee
Supervisor Bierman
President Ammiano
Supervisor Becerril
Supervisor Brown
Supervisor Katz
Supervisor Kaufman
Supervisor Leno
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Legislative Analyst
Matthew Hymel
Stephen Kawa
Ted Lakey

BOARD OF SUPERVISORS
BUDGET ANALYST



City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

5, 16, 17, 19, 22,
Special 22, 23, 24

7

Tuesday, June 15, 1999

1:00 PM

City Hall, Room 263

Departmental Budget Hearings

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 1:11 p.m.

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991065 [Budget, 1999-2000]

Hearing to consider 1999-2000 Budget.

General Administration and Finance

Administrative Services (ADM)
Convention Facilities Management (CFM)
Elections (REG)
Mayor (MYR)
Children, Youth & Families (CHF)
Business & Economic Development (ECN)
Environment (ENV)
Board of Supervisors (BOS)
Ethics Commission (ETH)
City Attorney (CAT)
Treasurer/Tax Collector(TTX)
Controller (CON)
Assessor/Recorder (ASR)
City Planning (CPC)
Board of Appeals (PAB)
Rent Arbitration Board (RNT)
Civil Service Commission (CSC)
Human Resources (HRD)
Retirement System (RET)

Public Protection

Trial Courts (CRT)
Juvenile Probation (JUV)
Law Library (LLB)
County Agriculture Weights & Measures (AGW)
Coroner (CME)
Animal Care and Control (ANC)
Public Administrator/Guardian (PAG)
District Attorney (DAT)
Public Defender (PDR)
Sheriff (SHF)
Adult Probation (ADP)
Fire Department (FIR)
Police (POL)

6/1/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

Heard in Committee. Speakers: Supervisor Yee; Harvey Rose, Budget Analyst; Supervisor Ammiano; Mathew Hymel, Mayor's Office; Ed Harrington, Controller; Supervisor Bierman. Department representatives: Steve Nelson, Administrative Services; Ed Lee, Director, Purchasing; John Marks, Convention Facilities Management; Naomi Nishioka, Acting Director, Elections; Deborah Alvarez, Director, Department of Children, Youth & Families; Monique Moyer, Mayor's Office, Ann Marie Conroy, Director, Treasure Island; Francesca Vietor, Director, Department of Environment; Gloria Young, Clerk of the Board; Ginny Vida, Director, Ethics Commission; Louise Renne, City Attorney; Susan Leal, Treasurer; Richard Sullivan, Tax Collector; Tommie Whitlow, Assistant Assessor; Gerald Green, Director of Planning; Robert Feldman, Board of Appeals; Joe Grubb, Executive Director, Rent Arbitration Board; Kate Favetti, Executive Officer, Civil Service Commission; Andrea Gourdine, Director, Human Resources; Claire Murphy, General Manager, Retirement System; Alan Carlson, Trial Courts; Jessie Williams, Chief Probation Officer, Juvenile Probation; Marsha Bell, Librarian, Law Library; David Frieders, Commissioner of Agriculture/Weights & Measures; Dr. Boyd Stevens, Medical Examiner; Carl Friedman, Director, Animal Care and Control; Ricardo Hernandez, Public Administrator/Public Guardian; Terence Hallinan, District Attorney; Jeff Brown, Public Defender; Michael Hennessey, Sheriff; Armando Cervantes, Chief Probation Officer, Adult Probation; Robert Demmons, Chief, Fire Department; Ernie Prindel, Budget Analyst office; Ken Bruce, Budget Analyst office; Fred Lau, Chief, Police Department. Public: Larry Latimore, POWER; Jake McCulder. Continued to June 16, 1999.

CONTINUED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

ADJOURNMENT

The meeting adjourned at 6:00 p.m.



City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

Wednesday, June 16, 1999

1:00 PM

City Hall, Room 263

Departmental Budget Hearings

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 1:09 p.m.

991154 [Bond Award, School and Zoo Facilities]
Mayor

Draft motion awarding bonds and fixing definitive interest rates for \$20,395,000 General Obligation Bonds (Educational Facilities Bonds, 1997 - Community College District), Series 1999A; \$60,520,000 General Obligation Bonds (Educational Facilities Bonds, 1997 - San Francisco Unified School District), Series 1999B; \$16,845,000 General Obligation Bonds (Zoo Facilities Bonds, 1997), Series 1999C.

6/7/99, RECEIVED AND ASSIGNED to Finance and Labor Committee. Request it be considered at the June 16, 1999 meeting.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Laura Opsahl, Mayor's Office of Public Finance; Supervisor Yee; Aaron Peskin. This motion does not have to go to the full Board.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE.

Motion awarding bonds and fixing definitive interest rates for \$20,395,000 General Obligation Bonds (Educational Facilities Bonds, 1997 - Community College District), Series 1999A; \$60,520,000 General Obligation Bonds (Educational Facilities Bonds, 1997 - San Francisco Unified School District), Series 1999B; \$16,845,000 General Obligation Bonds (Zoo Facilities Bonds, 1997), Series 1999C.

AWARDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Robert Jenkins, Director, Steinhart Aquarium, Academy of Sciences; Supervisor Yee; Ken Bruce, Budget Analyst's office; Rich Newirth, Director, Art Commission; Beth Murray, Managing Director, War Memorial; Steve Dykes, Director of Administrations, Fine Arts Museum; Dede Wilsey, President Fine Arts Commission; Emily Sano, Director, Asian Art Museum; Supervisor Bierman; Susan Hildreth, Deputy City Librarian, Public Library; Joel Robinson, Acting General Manager, Recreation and Park; Mark Carlson, Deputy Director, Public Works; Frank Chiu, Director, Department of Building Inspection; John Martin, Director, Airport; Doug Wong, Executive Director, Port; Stuart Sunshine, Director, Parking and Traffic Department; Julia Dawson, Finance, DPT; Julia Friedlander, Acting Director Telecommunications & Information Services; Mike Martin, Acting Director, Emergency Communications Department; Andy Moran, General Manager, Public Utilities Commission; Michael Burns, General Manager, Municipal Railway; Jim Morales, Director, Redevelopment Agency; Rudy Alvarez, Finance Director, Unified School District. Public: Janan New, Executive Director S.F. Apartment Association; Betsy Thager; Carol Kocivar., PTA; Leah Shahum; Marvis Phillips; Brad; Matt Brown, St. Peters Housing; Jung Kwok Ching; Mr. Guo, Chinese Progressive Association; Shuang Kuang; Jin Chi Zhsu. Continued to June 17, 1999.

CONTINUED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

991123 [PUC-Hetch Hetchy Fund Surplus]

Resolution concurring with the Public Utilities Commission's fact finding that a fund surplus (\$39,850,000) exists in the utilities which can be transferred to the General Fund. (Controller)

6/2/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Yee; Supervisor Ammiano.

Opposed: Joan Girardot, Coalition for S.F. Neighborhoods; Mary McAfee; Rebecca Silverberg. In Support: Marvis Phillips.

RECOMMENDED by the following vote:

Ayes: 3 - Ammiano, Yee, Bierman

991148 [Redevelopment Interim Budget, Fiscal Year 1999-2000]

Supervisor Yee

Resolution approving an Interim Budget of the Redevelopment Agency of the City and County of San Francisco for Fiscal Year 1999-2000.

(Fiscal impact.)

6/7/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

ADJOURNMENT

The meeting adjourned at 4:54 p.m.

991065 [Budget, 1999-2000]

Hearing to consider 1999-2000 Budget.

Culture and Recreation

County Education Office (USD)

Academy of Sciences (SCI)

Art Commission (ART)

War Memorial (WAR)

Fine Arts Museums (FAM)

Asian Art Museum (AAM)

Public Library (LIB)

Recreation and Park Commission (REC)

Public Works, Transportation and Commerce

Public Works (DPW)

Building Inspection (DBI)

Airport (AIR)

Port (PRT)

Parking and Traffic (PTC)

Telecommunications & Information Services (TIS)

Emergency Communications Department (ECD)

Public Utilities Commission (PUC)

Light, Heat and Power (LHP)

Hetch Hetchy Project (HHP)

Water (WTR)

Clean Water (CWP)

Public Transportation - Municipal Railway (DPT)

San Francisco Redevelopment Agency

6/1/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

6/15/99, CONTINUED. Heard in Committee Speakers Supervisor Yee, Harvey Rose, Budget Analyst, Supervisor Ammiano, Mathew Hymel, Mayor's Office; Ed Harrington, Controller, Supervisor Bierman Department representatives Steve Nelson, Administrative Services; Ed Lee, Director, Purchasing, John Marks, Convention Facilities Management, Naomi Nishioka, Acting Director, Elections, Deborah Alvarez, Director, Department of Children, Youth & Families, Monique Moyer, Mayor's Office, Ann Marie Conroy, Director, Treasure Island, Francesca Vietor, Director, Department of Environment, Gloria Young, Clerk of the Board, Ginny Vida, Director, Ethics Commission; Louise Renne, City Attorney, Susan Leal, Treasurer, Richard Sullivan, Tax Collector, Tommie Whitlow, Assistant Assessor, Gerald Green, Director of Planning, Robert Feldman, Board of Appeals, Joe Grubb, Executive Director, Rent Arbitration Board, Kate Favetti, Executive Officer, Civil Service Commission, Andrea Gourdine, Director, Human Resources, Claire Murphy, General Manager, Retirement System, Alan Carlson, Trial Courts, Jessie Williams, Chief Probation Officer, Juvenile Probation, Marsha Bell, Librarian, Law Library; David Frieders, Commissioner of Agriculture Weights & Measures, Dr. Boyd Stevens, Medical Examiner, Carl Friedman, Director, Animal Care and Control, Ricardo Hernandez, Public Administrator/Public Guardian, Terence Hallinan, District Attorney; Jeff Brown, Public Defender, Michael Hennessey, Sheriff, Armando Cervantes, Chief Probation Officer, Adult Probation; Robert Demmons, Chief, Fire Department; Ernie Prindel, Budget Analyst office, Ken Bruce, Budget Analyst office, Fred Lau, Chief, Police Department. Public: Larry Latimore, POWER, Jake McCulder. Continued to June 16, 1999

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

06-14-99P02:39 RCVD

June 11, 1999 DOCUMENTS DEPT.

TO: Finance and Labor Committee

JUN 14 1999

FROM: Budget Analyst

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SUBJECT: June 16, 1999 Finance and Labor Committee Meeting

Item 2 - File 99-1154

Department: Mayor's Office of Finance

Item: Motion awarding bonds and fixing definitive interest rate for \$20,935,000 General Obligation Bonds (Educational Facilities Bonds, 1997-Community College District) Series 1999A; \$60,520,000 General Obligation Bonds (Educational Facilities Bonds, 1997- San Francisco Unified School District) Series 1999B, and \$16,845,000 General Obligation Bonds (Zoo Facilities Bonds, 1997) Series 1999C.

Description: On June 3, 1997, the San Francisco voters approved the issuance of (1) \$140 million of General Obligation Bonds, including \$50 million for the Community College District and \$90 million for the San Francisco Unified School District and (2) \$48 million of General Obligation Bonds for the San Francisco Zoo. On March 1, 1999 the Board of Supervisors approved three resolutions authorizing and directing the sale of (1) not to exceed \$23 million of General Obligation Bonds for the Community College District (Educational Facilities Bonds, 1997, Series 1999A) (File 99-

Memo to Finance and Labor Committee
June 16, 1999 Finance and Labor Committee Meeting

0197); (2) not to exceed \$64 million of General Obligation Bonds for the San Francisco Unified School District (Educational Facilities Bonds, 1997, Series 1999B) (File 99-0200); and (3) not to exceed \$18 million of General Obligation Bonds for the San Francisco Zoo (Zoo Facilities Bonds, 1997, Series 1999C).

Comments:

Ms. Laura Opsahl of the Mayor's Office of Public Finance advises that the bids for the proposed bonds are scheduled to be opened at 8:00 am on Wednesday, June 16, 1999, and that unless all bids are rejected, the Finance and Labor Committee will be asked to award the bonds to the bidder whose bid represents the lowest true interest cost to the City. Ms. Opsahl reports that the Mayor's Office of Public Finance will submit an Amendment of the Whole to the Finance and Labor Committee's scheduled meeting on Wednesday, June 16, 1999, which will list the winning bidder, the other bidders and the interest rate that each bidder offered to the City.

Recommendation:

Approve a motion which awards the subject bonds to the low bidder, which represents the lowest true interest cost to the City.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 3 - File 99-1123

Departments: Public Utilities Commission (PUC)
Hetch Hetchy Water and Power (Hetch Hetchy)

Item: Resolution concurring with the Public Utilities Commission's finding that Hetch Hetchy has a surplus which can be transferred to the City's General Fund.

Amount: \$39,850,000

Description: **Requirements of Charter Section 16.103**

Charter Section 16.103(b)3 provides that the Public Utilities Commission, with the concurrence of two-thirds of the Board of Supervisors, may authorize the transfer of any portion of surplus funds to the General Fund upon making all of the following findings of fact and judgment:

- (A) That a surplus exists or is projected to exist after meeting the requirements of this section;
- (B) That there is no unfunded operating or capital program that by its lack of funding could jeopardize health, safety, water supply or power production;
- (C) That there is no reasonably foreseeable operating contingency that cannot be funded without General Fund subsidy (meaning that the unappropriated fund balance for the Hetch Hetchy operating fund is sufficient to meet any "reasonably foreseeable operating contingency"); and
- (D) That such a transfer of funds in all other respects reflects prudent utility practice.

Resolution Adopted by PUC

On June 8, 1999 the Public Utilities Commission adopted a resolution authorizing a transfer to the City's General Fund totaling \$39,850,000 in FY 1999-2000 surplus Hetch Hetchy funds, in accordance with the provisions of Charter Section 16.103.

Memo to Finance Committee
June 16, 1999 Finance Committee Meeting

Comment: The proposed FY 1999-2000 budget, as recommended by the Mayor, is based on this proposed subject transfer of Hetch Hetchy revenues to the General Fund in the amount of \$39,850,000, which is \$2,853,273 less than the \$42,703,273 transfer for FY 1998-99.

Recommendation: Approve the proposed resolution.

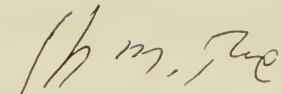
Item 4 – File 99-1148

1. The proposed resolution would authorize an interim budget for the Redevelopment Agency for Fiscal Year 1999-2000.
2. The proposed resolution approving an interim budget for the Redevelopment Agency, provides authority for the Redevelopment Agency to function under the State Community Redevelopment Law for the period from July 1, 1999 until the Redevelopment Agency's budget for FY 1999-2000 is finally approved by the Board of Supervisors, as required by Section 33606 of the State Redevelopment law. Approval of the proposed resolution would not constitute final approval of new positions, program expenditures, or Tax Increment Bonds for FY 1999-2000 for the Redevelopment Agency.
3. As with the Interim Annual Appropriation Ordinance and Interim Annual Salary Ordinance approved by the Finance and Labor Committee on June 9, 1999 (Files 1087 and 1088) the interim budget for the Redevelopment Agency is based on the Fiscal Year 1999-2000 proposed budget recommendations of the Mayor. Hence, this resolution includes authorization and funding for all programs and program revisions which are included in the Mayor's proposed 1999-2000 budget. Each program and program revision will be reviewed in detail during the budget hearings and sessions which have been scheduled by the Finance and Labor Committee from June 15 through June 24, 1999.
4. As a general policy, in previous years, the Board of Supervisors has not approved new positions and programs during the interim budget period without detailed review. This general policy has been implemented by instructing the Controller not to certify the availability of funds for new positions, new programs or program expansions during the interim budget period between July 1 and July 31. If an exception is approved by the Board of Supervisors, new positions can be filled effective July 1. Otherwise, new positions will generally not be filled until August 1 at the earliest. The Redevelopment Agency has not requested any exception to the interim budget for Fiscal Year 1999-2000.

Recommendation

Approve the proposed resolution authorizing an interim budget for the Redevelopment Agency for Fiscal Year 1999-2000.

Memo to Finance and Labor Committee
June 16, 1999 Finance and Labor Committee Meeting



Harvey M. Rose

cc: Supervisor Yee
Supervisor Bierman
President Ammiano
Supervisor Becerril
Supervisor Brown
Supervisor Katz
Supervisor Kaufman
Supervisor Leno
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Legislative Analyst
Matthew Hymel
Stephen Kawa
Ted Lakey



City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Thursday, June 17, 1999

1:00 PM

City Hall, Room 263

Departmental Budget Hearings

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 1:04 p.m.

991065 [Budget, 1999-2000]

Hearing to consider 1999-2000 Budget.

Human Welfare

Commission on Aging (AGE)

Human Rights Commission (HRC)

Commission on the Status of Women (WOM)

Human Services (DHS)

Community Health – Department of Public Health

Community Health Network (HCN)

Public Health (HPH)

General City Responsibilities (GEN)

Capital Projects (CAP)

6/1/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

6/15/99, CONTINUED Heard in Committee Speakers: Supervisor Yee, Harvey Rose, Budget Analyst, Supervisor Ammiano, Mathew Hymel, Mayor's Office; Ed Harrington, Controller, Supervisor Bierman Department representatives: Steve Nelson, Administrative Services; Ed Lee, Director, Purchasing, John Marks, Convention Facilities Management, Naomi Nishioka, Acting Director, Elections, Deborah Alvarez, Director, Department of Children, Youth & Families, Monique Moyer, Mayor's Office, Ann Marie Conroy, Director, Treasure Island, Francesca Vietor, Director, Department of Environment, Gloria Young, Clerk of the Board, Ginny Vida, Director, Ethics Commission; Louise Renne, City Attorney, Susan Leal, Treasurer, Richard Sullivan, Tax Collector, Tommie Whitlow, Assistant Assessor, Gerald Green, Director of Planning, Robert Feldman, Board of Appeals, Joe Grubb, Executive Director, Rent Arbitration Board; Kate Favetti, Executive Officer, Civil Service Commission, Andrea Gourdin, Director, Human Resources, Claire Murphy, General Manager, Retirement System, Alan Carlson, Trial Courts, Jessie Williams, Chief Probation Officer, Juvenile Probation, Marsha Bell, Librarian, Law Library; David Frieders, Commissioner of Agriculture Weights & Measures, Dr. Boyd Stevens, Medical Examiner, Carl Friedman, Director, Animal Care and Control, Ricardo Hernandez, Public Administrator Public Guardian, Terence Hallinan, District Attorney; Jeff Brown, Public Defender; Michael Hennessey, Sheriff, Armando Cervantes, Chief Probation Officer, Adult Probation; Robert Demmons, Chief, Fire Department; Ernie Prindel, Budget Analyst office, Ken Bruce, Budget Analyst office, Fred Lau, Chief, Police Department. Public: Larry Latimore, POWER, Jake McCulder. Continued to June 16, 1999

6/16/99, CONTINUED Heard in Committee Speakers: Harvey Rose, Budget Analyst, Robert Jenkins, Director, Steinhart Aquarium, Academy of Sciences, Supervisor Yee; Ken Bruce, Budget Analyst's office, Rich Newirth, Director, Art Commission, Beth Murray, Managing Director, War Memorial; Steve Dykes, Director of Administrations, Fine Arts Museum, Dede Wilsey, President Fine Arts Commission, Emily Sano, Director, Asian Art Museum; Supervisor Bierman, Susan Hildreth, Deputy City Librarian, Public Library, Joel Robinson, Acting General Manager, Recreation and Park, Mark Carlson, Deputy Director, Public Works, Frank Chiu, Director, Department of Building Inspection; John Martin, Director, Airport; Doug Wong, Executive Director, Port, Stuart Sunshine, Director, Parking and Traffic Department; Julia Dawson, Finance, DPT, Julia Friedlander, Acting Director Telecommunications & Information Services; Mike Martin, Acting Director, Emergency Communications Department, Andy Moran, General Manager, Public Utilities Commission; Michael Burns, General Manager, Municipal Railway; Jim Morales, Director, Redevelopment Agency, Rudy Alvarez, Finance Director, Unified School District. Public: Janan New, Executive Director S.F. Apartment Association, Betsy Thager, Carol Kocivar, PTA, Leah Shahum; Marvis Phillips, Brad, Matt Brown, St. Peters Housing, Jung Kwok Ching; Mr. Guo, Chinese Progressive Association; Shuang Kuang; Jin Chi Zho. Continued to June 17, 1999

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Dr. Mitchell Katz, Director, Department of Public Health; Supervisor Yee; Supervisor Ammiano; Ed Harrington, Controller; David Ishida, Executive Director, Commission on the Aging; Supervisor Bierman, Marivic Bamba, Executive Director, Human Rights Commission; Sonia Melara, Executive Director, Commission on Status of Women, Ken Bruce, Budget Analyst's Office; Will Lightbourne, Executive Director, Department of Human Services; Mathew Hymel, Mayors Office. Public: Gilbert Crisswell. Continued to June 19, 1999.

CONTINUED.

ADJOURNMENT

The meeting adjourned at 2:29 p.m.



City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

Saturday, June 19, 1999

9:00 AM

Legislative Chamber, Room 250

Budget Hearings, Public Testimony

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 9:16 a.m.

991065 [Budget, 1999-2000]

Hearing to consider 1999-2000 Budget.

General Administration and Finance

Administrative Services (ADM)
Convention Facilities Management (CFM)
Elections (REG)
Mayor (MYR)
Children, Youth & Families (CHF)
Business & Economic Development (ECN)
Environment (ENV)
Board of Supervisors (BOS)
Ethics Commission (ETH)
City Attorney (CAT)
Treasurer/Tax Collector(TTX)
Controller (CON)
Assessor/Recorder (ASR)
City Planning (CPC)
Board of Appeals (PAB)
Rent Arbitration Board (RNT)
Civil Service Commission (CSC)
Human Resources (HRD)
Retirement System (RET)

Public Protection

Trial Courts (CRT)
Juvenile Probation (JUV)
Law Library (LLB)
County Agriculture/Weights & Measures (AGW)
Coroner (CME)
Animal Care and Control (ANC)
Public Administrator/Guardian (PAG)
District Attorney (DAT)
Public Defender (PDR)
Sheriff (SHF)
Adult Probation (ADP)
Fire Department (FIR)
Police (POL)

Culture and Recreation

County Education Office (USD)
Academy of Sciences (SCI)
Art Commission (ART)
War Memorial (WAR)
Fine Arts Museums (FAM)
Asian Art Museum (AAM)
Public Library (LIB)
Recreation and Park Commission (REC)

Public Works, Transportation and Commerce

Public Works (DPW)
Building Inspection (DBI)

Airport (AIR)
Port (PRT)
Parking and Traffic (PTC)
Telecommunications & Information Services (TIS)
Emergency Communications Department (ECD)
Public Utilities Commission (PUC)
Light, Heat and Power (LHP)
Hetch Hetchy Project (HHP)
Water (WTR)
Clean Water (CWP)
Public Transportation - Municipal Railway (DPT)
San Francisco Redevelopment Agency

Human Welfare

Commission on Aging (AGE)
Human Rights Commission (HRC)
Commission on the Status of Women (WOM)
Human Services (DHS)

Community Health – Department of Public Health

Community Health Network (HCN)
Public Health (HPH)

General City Responsibilities (GEN)

Capital Projects (CAP)

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CONTINUED.

ADJOURNMENT

The meeting adjourned at 1:15 p.m.



City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Clerk: Mary Red

Tuesday, June 22, 1999

1:00 PM

City Hall, Room 263

Budget Review Hearings

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 1:20 p.m.

991065 [Budget, 1999-2000]

Hearing to consider 1999-2000 Budget.

General Administration and Finance

Administrative Services (ADM)
Convention Facilities Management (CFM)
Elections (REG)
Mayor (MYR)
Children, Youth & Families (CHF)
Business & Economic Development (ECN)
Environment (ENV)
Board of Supervisors (BOS)
Ethics Commission (ETH)
City Attorney (CAT)
Treasurer/Tax Collector (TTX)
Controller (CON)
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Retirement System (RET)

Public Protection

Trial Courts (CRT)
Juvenile Probation (JUV)
Law Library (LLB)
County Agriculture/Weights & Measures (AGW)
Coroner (CME)
Animal Care and Control (ANC)
Public Administrator/Guardian (PAG)
District Attorney (DAT)
Public Defender (PDR)
Sheriff (SHF)
Adult Probation (ADP)
Fire Department (FIR)
Police (POL)

6/1/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

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6/19/99, CONTINUED. Heard in Committee. Speakers: Supervisor Yee; Joe Lacey; Bernie Rush, North of Market Senior Center; Tom Phillips; Harry Goldfinger, Golden Gate Senior Services; Dorinda Ottey, CASE; Jim Elick, Coalition for Aging; Nick Lederer, Golden Gate Senior Services; Arthur Jackson; Richard Oow, Coalition on Homelessness (COH); Rebecca Graff, COH; Sarah Short, COH; Rosemary Dady, COH; Robert Haaland, COH; Miguel Wooding, COH; Judy Appel, Staff Attorney, COH; Mara Raider, COH, Shannan Keyton, Attorney COH; Mary Kate Connors, Police Crisis Intervention Program. Darren Lewis, COH; Matt Brown, St. Peters Housing; Ron Periz, Treatment on Demand Council; Jason Albertson; Jennifer Friedenbach, COH; Rebecca Vilkersen, CURE, COH; Dorothy Norman; Carla Amader, La Raza Centro; Mark Stanford, Local 535; Valerie Villela; Victor Santis, 30th Street Senior Services; Frances Bums; David Drabblo, Paramedic, Fire Department; John Frank; Dale Butler; Lonnie Ruth Slunsky; Jim Keck; Larry Bradshaw; Dennis Chase, Names Project; Yvonne Kirols, Citizens In Action For Personal Assistance; Mitch Jeserich, Independent Living Center; J. Murray Fox, Legion of Honor Museum; Ernestine Weiss; Kathy Wolfe; Richard Rothman; Bob Planthold; Mary Ruth Gross; Jonna Ramey, St. Mary's Park Improvement Club; Marybeth Wallace, Coleman Advocates; Mary Harris; Garrett Jenkins, North of Market Planning Coalition; Laveme Hawkins; Coleman Advocates; Tom Nolan, Executive Director Project Open Hand; Carolyn Galbreath, Randall Museum; Karen Crommie, Friends of City Planning; Romona Albright, Friends of City Planning; Gilda Serrano, Parent Advocates; Richard Hanlin; Joan Pierson, Parent Advocate; Lanora Hamilton; Aaron Peslin; Gerry Crowley, Telegraph Hill Dwellers; Jamie Motley, Walenberg High School; R. Jamal, Youth Making a Change; Taj James, Coleman Advocates for Children; Herbert Aliga; Shireen Lee; Dr. Christina Ma, Pediatrician, UCSF; Marie Ciepiela, OMI/Excelsior Beacon Center; Naz Johnson, Balboa High School; Dillion Scott, Balboa High School; Fred Hobson, S.F. Tomorrow; Emanuel Smith; Marcia Fornilla, Health Nurse, Balboa High School; Ann Anderson, Council of Neighborhood Libraries; Vera Haile; Susan Mara; Scott Elshishans, Shanti Project; Duane Poe, Black Coalition on AIDS; Female, La Raza; Female, Health Services for the Disabled; Margaret Jerome, Association for Education of Children; Female, Family Childcare Provider, Western Addition; Judion Baker, South of Market Childcare; Maureen Carew; Amy Stukills, teacher, South Of Market Center; Female, Health Services, Children with Disabilities; David McGuire; Bill Sorro; Tessie Topal, Jewish Family Children Services; Camilla Ng; Winnie Yu; Darrell Poe, Native American AIDS Project; Michael Sanders; Mark Foreman; John Garcia; Perasha Zond, Nurse, Native American AIDS Project; Martin Wakatu, Director, Native American AIDS Project; Mabel Seto, Childcare provider; Jamie Huang, Childcare worker; Merry Fowler, Moscone Park Playground; Sue Chang, Director, Moscone Park Playground; Nancy Ho; Amy Yam; Wai Yee; Qum Meika; Lisa Chan; Carol Steiman, Library Commissioner; Barbara Berman, Friends of Library; Vas Prabhu, Director of Education, DeYoung Museum; Mary Pat Cress; Cheryl Bancroft; Autumn Payne; Marvin Melchor Bustamonte, Public Health, San Francisco General Hospital (SFGH); Neil Gendel; Maria Luz Torres; Tracey Faulkner; Nora Roman, nurse, SFGH; Mary Brown; Abdalla Megahed, Mission Rock Shelter; Janie Hanagan; Jim Hartman, De Young Museum; Joe Wilson, Coleman Advocates; Stan Kean; Reuben Goodman; Bruce, American Institute of Architects; Pauline Lo; M. Ho, Family Network; Mrs. Zhu; Ma Jin; Amozr Lam; Mrs. Wong; Mrs. Lee; Ma Ho; Celia Siason; Emily Sauto; Carmen Maldonado; Amy Dawson, Director, Randall Museum; Jaho Oscherwhz, Local 790; Iris Biblowitz, RN; Elizabeth Kirchner; Ashbury Neighborhood Council; Linda Joseph, Local 535; Irma Penate, Childcare Provider; Michele Lundy, S.F. Family Childcare; Michael Lyon; SFGH; Walker Langston Dukes, SFGH; Geraldo Ramos, Circle of Care; Norman Telson, Executive Director, Filipino-American Council; Fem Ebeling, RN; Steve Currier, Excelsior Youth Center, Carolyn Washington, Bayview Sr. Center, Steve Bingham, National Coalition for Youth; Leslie Ramos, Balboa High School, Rebecca Evans, Commission on the Environment; Anthony Bafondess, We The People. Continued to June 22, 1999.

Heard in Committee. Speakers: Supervisor Yee; Harvey Rose, Budget Analyst; Supervisor Ammiano; Mathew Hymel, Mayor's Office; Ed Harrington, Controller; Supervisor Bierman. Department representatives: Steve Nelson, Administrative Services; Louise Renne, City Attorney, Susan Leal, Treasurer; Doris Ward, Assessor. Gerald Green, Director of Planning; Joe Grubb, Executive Director, Rent Arbitration Board, Andrea Gourdine, Director, Human Resources; Claire Murphy, General Manager, Retirement System; Alan Carlson, Trial Courts; Jessie Williams, Chief Probation Officer; David Frieders, Commissioner of Agriculture/Weights & Measures; Herbert Hawley, Administrator, Medical Examiner's Office; Carl Friedman, Director, Animal Care and Control; Ricardo Hernandez, Public Administrator/Public Guardian; Terence Hallinan, District Attorney; Jeff Brown, Public Defender; Michael Hennessey, Sheriff. Fred Brousseau, Budget Analyst's office, Lee Sampson, Business Manager, Adult Probation; Robert Demmons, Chief, Fire Department; Ernie Prindel, Budget Analyst office; Ken Bruce, Budget Analyst office, Debra Ward, Financial Officer, Fire Department, Fred Lau, Chief, Police Department. Public: Larry Latimore, POWER, Jake McCulder. The Assessor and City Planning Department was continued to June 24, 1999. The meeting was continued to June 23, 1999

CONTINUED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

ADJOURNMENT

The meeting adjourned at 4:54 p.m.



City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

Tuesday, June 22, 1999

5:30 PM

City Hall, Room 263

Special Budget Hearings, Public Testimony

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

The meeting time will be from 5:30 p.m. - 7:00 p.m.

Meeting Convened

The meeting convened at 5:40 p.m.

991065 [Budget, 1999-2000]

Hearing to consider 1999-2000 Budget.

General Administration and Finance

Administrative Services (ADM)
Convention Facilities Management (CFM)
Elections (REG)
Mayor (MYR)
Children, Youth & Families (CIIF)
Business & Economic Development (ECN)
Environment (ENV)
Board of Supervisors (BOS)
Ethics Commission (ETH)
City Attorney (CAT)
Treasurer/Tax Collector(TTX)
Controller (CON)
Assessor/Recorder (ASR)
City Planning (CPC)
Board of Appeals (PAB)
Rent Arbitration Board (RNT)
Civil Service Commission (CSC)
Human Resources (HRD)
Retirement System (RET)

Public Protection

Trial Courts (CRT)
Juvenile Probation (JUV)
Law Library (LLB)
County Agriculture/Weights & Measures (AGW)
Coroner (CME)
Animal Care and Control (ANC)
Public Administrator/Guardian (PAG)
District Attorney (DAT)
Public Defender (PDR)
Sheriff (SHF)
Adult Probation (ADP)
Fire Department (FIR)
Police (POL)

Culture and Recreation

County Education Office (USD)
Academy of Sciences (SCI)
Art Commission (ART)
War Memorial (WAR)
Fine Arts Museums (FAM)
Asian Art Museum (AAM)
Public Library (LIB)
Recreation and Park Commission (REC)

Public Works, Transportation and Commerce

Public Works (DPW)
Building Inspection (DBI)

Airport (AIR)
 Port (PRT)
 Parking and Traffic (PTC)
 Telecommunications & Information Services (TIS)
 Emergency Communications Department (ECD)
 Public Utilities Commission (PUC)
 Light, Heat and Power (LHP)
 Hetch Hetchy Project (HHP)
 Water (WTR)
 Clean Water (CWP)
 Public Transportation - Municipal Railway (DPT)
 San Francisco Redevelopment Agency

Human Welfare

Commission on Aging (AGE)
 Human Rights Commission (HRC)
 Commission on the Status of Women (WOM)
 Human Services (DHS)

Community Health – Department of Public Health

Community Health Network (HCN)
 Public Health (HPH)

General City Responsibilities (GEN)

Capital Projects (CAP)

6/1/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

6/15/99, CONTINUED. Heard in Committee. Speakers: Supervisor Yee; Harvey Rose, Budget Analyst; Supervisor Ammiano; Mathew Hymel, Mayor's Office; Ed Harrington, Controller; Supervisor Bierman. Department representatives: Steve Nelson, Administrative Services; Ed Lee, Director, Purchasing; John Marks, Convention Facilities Management; Naomi Nishioka, Acting Director, Elections; Deborah Alvarez, Director, Department of Children, Youth & Families; Monique Moyer, Mayor's Office; Ann Marie Conroy, Director, Treasure Island; Francesca Vietor, Director, Department of Environment; Gloria Young, Clerk of the Board; Ginny Vida, Director, Ethics Commission; Louise Renne, City Attorney; Susan Leal, Treasurer; Richard Sullivan, Tax Collector; Tommie Whitlow, Assistant Assessor; Gerald Green, Director of Planning; Robert Feldman, Board of Appeals; Joe Grubb, Executive Director, Rent Arbitration Board; Kate Favetti, Executive Officer, Civil Service Commission; Andrea Gourdine, Director, Human Resources; Claire Murphy, General Manager, Retirement System; Alan Carlson, Trial Courts; Jessie Williams, Chief Probation Officer, Juvenile Probation; Marsha Bell, Librarian, Law Library; David Frieders, Commissioner of Agriculture/Weights & Measures; Dr. Boyd Stevens, Medical Examiner; Carl Friedman, Director, Animal Care and Control; Ricardo Hernandez, Public Administrator/Public Guardian; Terence Hallinan, District Attorney; Jeff Brown, Public Defender; Michael Hennessey, Sheriff; Armando Cervantes, Chief Probation Officer, Adult Probation; Robert Demmons, Chief, Fire Department; Emie Prindel, Budget Analyst office; Ken Bruce, Budget Analyst office; Fred Lau, Chief, Police Department. Public: Larry Latimore, POWER; Jake McCulder. Continued to June 16, 1999.

6/16/99, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Robert Jenkins, Director, Steinhart Aquarium, Academy of Sciences; Supervisor Yee; Ken Bruce, Budget Analyst's office; Rich Newirth, Director, Art Commission; Beth Murray, Managing Director, War Memorial; Steve Dykes, Director of Administrations, Fine Arts Museum; Dede Wilsey, President Fine Arts Commission; Emily Sano, Director, Asian Art Museum; Supervisor Bierman; Susan Hildreth, Deputy City Librarian, Public Library; Joel Robinson, Acting General Manager, Recreation and Park; Mark Carlson, Deputy Director, Public Works; Frank Chiu, Director, Department of Building Inspection; John Martin, Director, Airport; Doug Wong, Executive Director, Port; Stuart Sunshine, Director, Parking and Traffic Department; Julia Dawson, Finance, DPT; Julia Friedlander, Acting Director Telecommunications & Information Services; Mike Martin, Acting Director, Emergency Communications Department; Andy Moran, General Manager, Public Utilities Commission; Michael Bums, General Manager, Municipal Railway; Jim Morales, Director, Redevelopment Agency; Rudy Alvarez, Finance Director, Unified School District. Public: Janan New, Executive Director S.F. Apartment Association; Betsy Thager, Carol Kocivar, PTA; Leah Shahum; Marvis Phillips; Brad; Matt Brown, St. Peters Housing; Jung Kwok Ching; Mr. Guo, Chinese Progressive Association; Shuang Kuang; Jin Chi Zhso. Continued to June 17, 1999.

6/17/99, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Dr. Mitchell Katz, Director, Department of Public Health; Supervisor Yee; Supervisor Ammiano; Ed Harrington, Controller; David Ishida, Executive Director, Commission on the Aging; Supervisor Bierman; Marivic Bamba, Executive Director, Human Rights Commission; Sonia Melara, Executive Director, Commission on Status of Women; Ken Bruce, Budget Analyst's Office; Will Lightbourne, Executive Director, Department of Human Services; Mathew Hymel, Mayor's Office. Public: Gilbert Crisswell. Continued to June 19, 1999.

6/19/99, CONTINUED Heard in Committee Speakers: Supervisor Yee; Joe Lacey, Bernie Rush, North of Market Senior Center, Tom Phillips; Harry Goldfinger, Golden Gate Senior Services, Dorinda Ottey, CASE; Jim Elick, Coalition for Aging; Nick Lederer, Golden Gate Senior Services; Arthur Jackson; Richard Oow, Coalition on Homelessness (COH); Rebecca Graff, COH, Sarah Short, COH, Rosemary Dady, COH; Robert Haaland, COH; Miguel Wooding, COH, Judy Appel, Staff Attorney, COH, Mara Raider, COH, Shannan Keyton, Attorney COH; Mary Kate Connors, Police Crisis Intervention Program. Darren Lewis, COH, Matt Brown, St. Peters Housing, Ron Penz, Treatment on Demand Council, Jason Albertson; Jennifer Fradenbach, COH, Rebecca Vilkersen, CURIE, COH, Dorothy Norman; Carla Amader, La Raza Centro; Mark Stanford, Local 535, Valone Vilella, Victor Santis, 30th Street Senior Services, Frances Burns; David Drabblo, Paramedic, Fire Department, John Frank, Dale Butler, Lonnie Ruth Slunsky, Jim Keck, Larry Bradshaw, Dennis Chase, Names Project, Yvonne Kirols, Citizens In Action For Personal Assistance, Mitch Jesench, Independent Living Center, J Murray Fox, Legion of Honor Museum; Ernestine Weiss, Kathy Wolfe, Richard Rothman, Bob Planthold, Mary Ruth Gross; Jonna Ramey, St. Mary's Park Improvement Club, Marybeth Wallace, Coleman Advocates, Mary Harris, Garrett Jenkins, North of Market Planning Coalition; Lavemc Hawkins; Coleman Advocates; Tom Nolan, Executive Director Project Open Hand, Carolyn Galbreath, Randall Museum; Karen Crommie, Friends of City Planning; Romona Albright, Friends of City Planning, Gilda Serrano, Parent Advocates; Richard Hanlin; Joan Pierson, Parent Advocate; Lanora Hamilton, Aaron Peslin, Gerry Crowley, Telegraph Hill Dwellers, Jamie Motley, Walenberg High School, R. Jamal, Youth Making a Change, Taj James, Coleman Advocates for Children, Herbert Aliga, Shireen Lee; Dr. Christina Ma, Pediatrician, UCSF, Marie Ciepiela, OMI Excelsior Beacon Center, Naz Johnson, Balboa High School, Dillion Scott, Balboa High School; Fred Hobson, S.F. Tomorrow, Emanuel Smith, Marcia Fornilla, Health Nurse, Balboa High School, Ann Anderson, Council of Neighborhood Libraries; Vera Haile, Susan Mara, Scott Elisshans, Shanti Project, Duane Poe, Black Coalition on AIDS, Female, La Raza, Female, Health Services for the Disabled, Margaret Jerome, Association for Education of Children; Female, Family Childcare Provider, Western Addition, Judion Baker, South of Market Childcare; Maureen Carew; Amy Stukills, teacher, South Of Market Center; Female, Health Services, Children with Disabilities, David McGuire, Bill Somo, Tessie Topal, Jewish Family Children Services, Camilla Ng, Winnie Yu, Darrell Poe, Native American AIDS Project, Michael Sanders, Mark Foreman; John Garcia; Perasha Zond, Nurse, Native American AIDS Project, Martin Wakatu, Director, Native American AIDS Project, Mabel Seto, Childcare provider, Jamie Huang, Childcare worker, Merry Fowler, Moscone Park Playground, Sue Chang, Director, Moscone Park Playground, Nancy Ho, Amy Yam, Wai Yee, Qum Meika, Lisa Chan, Carol Steiman, Library Commissioner, Barbara Berman, Friends of Library; Vas Prabhu, Director of Education, DeYoung Museum; Mary Pat Cress, Cheryl Bancroft, Autumn Payne, Marvin Melchor Bustamonte, Public Health, San Francisco General Hospital (SFGH); Neil Gendel, Maria Luz Torres, Tracey Faulkner, Nora Roman, nurse, SFGH, Mary Brown, Abdalla Megahed, Mission Rock Shelter, Janie Hanagan, Jim Hartman, De Young Museum, Joe Wilson, Coleman Advocates; Stan Kean, Reuben Goodman, Bruce, American Institute of Architects, Pauline Lo, M. Ho, Family Network; Mrs. Zhu; Ma Jin; Amozr Lam; Mrs. Wong, Mrs. Lee, Ma Ho, Celia Siason, Emily Sauto, Carmen Maldonado, Amy Dawson, Director, Randall Museum; Jaho Oscherhewz, Local 790; Ins Biblowitz, RN, Elizabeth Kirchner, Ashbury Neighborhood Council, Linda Joseph, Local 535, Irma Penate, Childcare Provider, Michele Lundy, S.F. Family Childcare; Michael Lyon, SFGH, Walker Langston Dukes, SFGH, Geraldo Ramos, Circle of Care, Norman Telson, Executive Director, Filipino-American Council, Fern Feling, RN Steve Currier, Excelsior Youth Center, Carolyn Washington, Bayview Sr Center, Steve Bingham, National Coalition for Youth, Leslie Ramos, Balboa High School, Rebecca Evans, Commission on the Environment, Anthony Bafondess, We The People Continued to June 22, 1999.

Heard in Committee: Speakers: Supervisors Yee; Bierman, Ammiano, Rebecca Villaron, Jennifer Friedenbach, Coalition on Homelessness (COH); Margaret Brodtkin, Coleman Advocates, Stephen Bingham, National Center for Youth Law; Lana Berger, POWER, Karen Sherr, Rand Quinn, N California Immigrant Rights Coalition; Roger Bazeleg, PTA; Sandra Vanderpool, Guerrero House, David Graves, Kids-In-Parks, Deane Shokes, Stonestown YMCA; Alexander Vaughan, Mission YMCA, Art Tapia, Coleman Advocates, Sue Eisenberg, Self-Help for the Elderly; Gerald de Ryan, Deette Boler, Zachary Wald, BayPeds, Betsy Thaggard, WalkSF; Leah Shaholm, SF Bicycle Coalition (SFBC); Ken Kelton, Pedsafe, Kathrene Soriano, Homeless Prenatal Program; James Morrison, WalkSF, Margaret Robbins; Manny Sunshine, Urban Elders Program; Emily Drennen, SFBC; Joshua Switsky, WalkSF; Irv Katuna, SF State University, President Gamma, Robert Nash, POWER; Jon Winston; Martina Gillis, Darren Lewis, COH, Barbara Hughes, POWER; "Marlene," POWER; "Garth," POWER; Ed Ealing, POWER; Roxanne Trade, POWER, Julia Greenfield, Lawyers Committee for Civil Rights; Abdalla Megahed, Sue Cauthen, Sunshine Ordinance Task Force; David Pilpel, Rescue MUNI; Pauline Peel, Seniors Disability Advisory Council, Martha Bridegum, COH, John Bergman, POWER, Emma Harris, POWER, Michelle Michelson, Legal Aid Society; Ed Willard, POWER; "Will B Paidwell" (pseudonym), POWER. Continued to June 23, 1999

CONTINUED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

ADJOURNMENT

The meeting adjourned at 7:00 p.m.



City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

Wednesday, June 23, 1999

1:00 PM

City Hall, Room 263

Budget Review Hearings

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 1:09 p.m.

991065 [Budget, 1999-2000]

Hearing to consider 1999-2000 Budget.

Culture and Recreation

County Education Office (USD)
Academy of Sciences (SCI)
Art Commission (ART)
War Memorial (WAR)
Fine Arts Museums (FAM)
Asian Art Museum (AAM)
Public Library (LIB)
Recreation and Park Commission (REC)

Public Works, Transportation and Commerce

Public Works (DPW)
Building Inspection (DBI)
Airport (AIR)
Port (PRT)
Parking and Traffic (PTC)
Telecommunications & Information Services (TIS)
Emergency Communications Department (ECD)
Public Utilities Commission (PUC)
Light, Heat and Power (LHP)
Hetch Hetchy Project (HHP)
Water (WTR)
Clean Water (CWP)
Public Transportation - Municipal Railway (DPT)
San Francisco Redevelopment Agency

6/1/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

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6/16/99, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Robert Jenkins, Director, Steinhart Aquarium, Academy of Sciences; Supervisor Yee; Ken Bruce, Budget Analyst's office; Rich Newirth, Director, Art Commission; Beth Murray, Managing Director, War Memorial; Steve Dykes, Director of Administrations, Fine Arts Museum; Dede Wilsey, President Fine Arts Commission; Emily Sano, Director, Asian Art Museum; Supervisor Bierman; Susan Hildreth, Deputy City Librarian, Public Library; Joel Robinson, Acting General Manager, Recreation and Park; Mark Carlson, Deputy Director, Public Works; Frank Chiu, Director, Department of Building Inspection; John Martin, Director, Airport; Doug Wong, Executive Director, Port; Stuart Sunshine, Director, Parking and Traffic Department; Julia Dawson, Finance, DPT; Julia Friedlander, Acting Director Telecommunications & Information Services; Mike Martin, Acting Director, Emergency Communications Department; Andy Moran, General Manager, Public Utilities Commission; Michael Burns, General Manager, Municipal Railway; Jim Morales, Director, Redevelopment Agency; Rudy Alvarez, Finance Director, Unified School District. Public: Janan New, Executive Director S.F. Apartment Association; Beisy Thager, Carol Kocivar, PTA; Leah Shahum, Marvis Phillips, Brad, Matt Brown, St. Peters Housing; Jung Kwok Ching, Mr. Guo, Chinese Progressive Association; Shuang Kuang, Jin Chi Zho. Continued to June 17, 1999.

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6/19/99, CONTINUED. Heard in Committee. Speakers: Supervisor Yee; Joe Lacey; Bernie Rush, North of Market Senior Center; Tom Phillips; Harry Goldfinger, Golden Gate Senior Services; Dorinda Ottey, CASE; Jim Elick, Coalition for Aging; Nick Lederer, Golden Gate Senior Services; Arthur Jackson; Richard Oow, Coalition on Homelessness (COH); Rebecca Graff, COH; Sarah Short, COH; Rosemary Dady, COH; Robert Haaland, COH; Miguel Wooding, COH; Judy Appel, Staff Attorney, COH; Mara Raider, COH; Shannan Keyton, Attorney COH; Mary Kate Connors, Police Crisis Intervention Program. Darren Lewis, COH; Matt Brown, St. Peters Housing; Ron Periz, Treatment on Demand Council; Jason Albertson; Jennifer Friedenbach, COH; Rebecca Vilkersen, CURE, COH; Dorothy Norman; Carla Amader, La Raza Centro; Mark Stanford, Local 535; Valorie Villela; Victor Santis, 30th Street Senior Services; Frances Burns; David Drabblow, Paramedic, Fire Department; John Frank; Dale Butler; Lonnie Ruth Slunsky; Jim Keck; Larry Bradshaw; Dennis Chase, Names Project; Yvonne Kirols, Citizens In Action For Personal Assistance; Mitch Jeserich, Independent Living Center; J. Murray Fox, Legion of Honor Museum; Ernestine Weiss; Kathy Wolfe; Richard Rothman; Bob Planthold; Mary Ruth Gross; Jonna Ramey, St. Mary's Park Improvement Club; Marybeth Wallace, Coleman Advocates; Mary Harris; Garrett Jenkins, North of Market Planning Coalition; Laverne Hawkins; Coleman Advocates; Tom Nolan, Executive Director Project Open Hand; Carolyn Galbreath, Randall Museum; Karen Crommie, Friends of City Planning; Romona Albright, Friends of City Planning; Gilda Serrano, Parent Advocates; Richard Hanlin; Joan Pierson, Parent Advocate; Lanora Hamilton; Aaron Peslin; Gerry Crowley, Telegraph Hill Dwellers; Jamie Motley, Walenberg High School; R. Jamal, Youth Making a Change; Taj James, Coleman Advocates for Children; Herbert Aliga; Shireen Lee; Dr. Christina Ma, Pediatrician, UCSF; Marie Ciepiela, OMI/Excelsior Beacon Center; Naz Johnson, Balboa High School; Dillion Scott, Balboa High School; Fred Hobson, S.F. Tomorrow; Emanuel Smith; Marcia Forrilla, Health Nurse, Balboa High School, Ann Anderson, Council of Neighborhood Libraries; Vera Haile; Susan Mara; Scott Elisshans, Shanti Project; Duane Poe, Black Coalition on AIDS; Female, La Raza; Female, Health Services for the Disabled; Margaret Jerome, Association for Education of Children; Female, Family Childcare Provider, Western Addition; Judion Baker, South of Market Childcare; Maureen Carew; Amy Stukills, teacher, South Of Market Center; Female, Health Services, Children with Disabilities; David McGuire; Bill Sorro; Tessie Topal, Jewish Family Children Services; Camilla Ng; Winnie Yu; Darrell Poe, Native American AIDS Project; Michael Sanders; Mark Foreman; John Garcia; Perasha Zond, Nurse, Native American AIDS Project; Martin Wakatu, Director, Native American AIDS Project; Mabel Seto, Childcare provider; Jamie Huang, Childcare worker; Merry Fowler, Moscone Park Playground; Sue Chang, Director, Moscone Park Playground; Nancy Ho; Amy Yam; Wai Yee; Qum Meika; Lisa Chan; Carol Steiman, Library Commissioner; Barbara Berman, Friends of Library; Vas Prabhu, Director of Education, DeYoung Museum; Mary Pat Cress; Cheryl Bancroft; Autumn Payne; Marvin Melchor Bustamonte, Public Health, San Francisco General Hospital (SFGH); Neil Gendel; Maria Luz Torres; Tracey Faulkner; Nora Roman, nurse, SFGH; Mary Brown; Abdallah Megahed, Mission Rock Shelter; Janie Hanagan; Jim Hartman, De Young Museum; Joe Wilson, Coleman Advocates; Stan Kean; Reuben Goodman; Bruce, American Institute of Architects; Pauline Lo; M. Ho, Family Network; Mrs. Zhu; Ma Jin; Amroz Lam; Mrs. Wong; Mrs. Lee; Ma Ho; Celia Siason; Emily Sauto; Carmen Maldonado; Amy Dawson, Director, Randall Museum; Jaho Oscherwhz, Local 790; Iris Biblowitz, RN; Elizabeth Kirchner; Ashbury Neighborhood Council; Linda Joseph, Local 535; Irma Penate, Childcare Provider; Michele Lundy, S.F. Family Childcare; Michael Lyon; SFGH; Walker Langston Dukes, SFGH; Geraldo Ramos, Circle of Care; Norman Telson, Executive Director, Filipino-American Council; Fern Ebeling, RN; Steve Currier, Excelsior Youth Center; Carolyn Washington, Bayview Sr. Center; Steve Bingham, National Coalition for Youth; Leslie Ramos, Balboa High School; Rebecca Evans, Commission on the Environment; Anthony Bafondess, We The People. Continued to June 22, 1999.

6/22/99, CONTINUED. Heard in Committee. Speakers: Supervisor Yee; Harvey Rose, Budget Analyst; Supervisor Ammiano; Mathew Hymel, Mayor's Office; Ed Harrington, Controller; Supervisor Bierman. Department representatives: Steve Nelson, Administrative Services; Louise Renne, City Attorney; Susan Leal, Treasurer; Doris Ward, Assessor; Gerald Green, Director of Planning; Joe Grubb, Executive Director, Rent Arbitration Board; Andrea Gourdine, Director, Human Resources; Claire Murphy, General Manager, Retirement System; Alan Carlson, Trial Courts; Jessie Williams, Chief Probation Officer; David Frieders, Commissioner of Agriculture/Weights & Measures; Herbert Hawley, Administrator, Medical Examiner's Office; Carl Friedman, Director, Animal Care and Control; Ricardo Hernandez, Public Administrator/Public Guardian; Terence Hallinan, District Attorney; Jeff Brown, Public Defender; Michael Hennessey, Sheriff; Fred Brousseau, Budget Analyst's office; Lee Sampson, Business Manager, Adult Probation; Robert Demmons, Chief, Fire Department; Ernie Prindel, Budget Analyst office; Ken Bruce, Budget Analyst office; Debra Ward, Financial Officer, Fire Department; Fred Lau, Chief, Police Department. Public: Larry Latimore, POWER; Jake McCulder. The Assessor and City Planning Department was continued to June 24, 1999. The meeting was continued to June 23, 1999.

6/22/99, CONTINUED. Heard in Committee. Speakers: Supervisors Yee; Bierman; Ammiano; Rebecca Villaron, Jennifer Friedenbach, Coalition on Homelessness (COH); Margaret Brodtkin, Coleman Advocates; Stephen Bingham, National Center for Youth Law; Lana Berger, POWER; Karen Sherr; Rand Quinn, N. California Immigrant Rights Coalition; Roger Bazeleg, PTA; Sandra Vanderpool, Guerrero House; David Graves, Kids-In-Parks; Deane Shokes, Stonestown YMCA; Alexander Vaughan, Mission YMCA; Ari Tapia, Coleman Advocates; Sue Eisenberg, Self-Help for the Elderly; Gerald de Ryan; Deetje Boler; Zachary Wald, BayPeds; Betsy Thaggard, WalkSF; Leah Shaholm, SF Bicycle Coalition (SFBIC); Ken Kelton, PedSafe; Kathirene Soriano, Homeless Prenatal Program; James Morrison, WalkSF; Margaret Robbins; Manny Sunshine, Urban Elders Program; Emily Drennen, SFBIC; Joshua Switsky, WalkSF; Irv Katuna, SF State University, President Gamma; Robert Nash, POWER; Jon Winston, Martina Gillis, Darren Lewis, COH, Barbara Hughes, POWER; "Marlene," POWER; "Garth," POWER; Ed Ealing, POWER; Roxanne Trade, POWER; Julia Greenfield, Lawyers Committee for Civil Rights; Abdallah Megahed; Sue Cauthen, Sunshine Ordinance Task Force; David Pilpel, Rescue MUNI; Pauline Peel, Seniors Disability Advisory Council; Martha Bridgum, COH, John Bergman, POWER, Emma Harns, POWER, Michelle Michelson, Legal Aid Society; Ed Willard, POWER; "Will B. Paidwell" (pseudonym), POWER. Continued to June 23, 1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Enrique Navas, San Francisco Unified School District (SFUSD); Tim Tronson, SFUSD; Robert Jenkins, Director, Steinhart Aquarium, Academy of Sciences; Supervisor Yee; Ken Bruce, Budget Analyst's office; Rich Newirth, Director, Art Commission; Supervisor Bierman; Beth Murray, Managing Director, War Memorial; Steve Dykes, Director of Administrations, Fine Arts Museum; Dede Wilsey, President, Fine Arts Commission; Emily Sano, Director, Asian Art Museum, Supervisor Bierman; Susan Hildreth, Deputy City Librarian, Public Library; Supervisor Ammiano, Mathew Hymel, Mayor's office; Debra Newman, Budget Analyst's office; Joel Robinson, Acting General Manager, Recreation and Park; Mark Primeau, Director, Public Works; Frank Chiu, Director, Department of Building Inspection; Marcus Perro, Deputy Director, Airport; Doug Wong, Executive Director, Port; Stuart Sunshine, Director, Parking and Traffic Department; Julia Friedlander, Acting Director Telecommunications & Information Services; Mike Martin, Acting Director, Emergency Communications Department; Andy Moran, General Manager, Public Utilities Commission; Michael Burns, General Manager, Municipal Railway
Continued to June 24, 1999.

CONTINUED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

991132 [Redevelopment Agency Budget and Bonds]

Resolution approving the budget of the Redevelopment Agency of the City and County of San Francisco for fiscal year 1999-2000, and approving the issuance by the Agency of Bonds in an aggregate principal amount not to exceed \$20,000,000 for the purpose of financing redevelopment activities in fiscal year 1999-2000. (Redevelopment Agency)

(Fiscal impact.)

6/3/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Tiza G. Peterson, Deputy Executive Director, Redevelopment Agency. Amended, (see Budget Analyst report showing recommendations of Finance and Labor Committee in file); and on page 2, beginning at line 17, delete "as the Budget is shown in Exhibit "A" attached hereto, which Exhibit "A" is incorporated herein and made a part hereof"

AMENDED.

To Board on July 12, 1999.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

ADJOURNMENT

The meeting adjourned at 3:10 p.m.

90.254
3
1/23/99

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Attn: Susan Hom

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

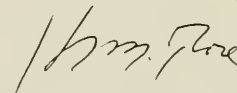
June 21, 1999

TO: Finance and Labor Committee
FROM: Budget Analyst
SUBJECT: June 23, 1999 Finance and Labor Committee Meeting
Item 2 - File 99-1132

The proposed resolution (a) would approve the budget of the San Francisco Redevelopment Agency (SFRA) for Fiscal Year 1999-2000 and (b) would approve the issuance of Tax Increment Bonds not to exceed \$20 million.

Recommendation

Amend the proposed resolution to reflect the reductions recommended by the Budget Analyst to the Mayor's Recommended Fiscal Year 1999-2000 budget for the SFRA and approve the resolution as amended.


Harvey M. Rose

cc: Supervisor Yee
Supervisor Bierman
President Ammiano
Supervisor Becerril
Supervisor Brown
Supervisor Katz
Supervisor Kaufman
Supervisor Leno
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Legislative Analyst
Matthew Hymel
Stephen Kawa
Ted Lakey

DOCUMENTS DEPT.

JUN 23 1999

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City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

Thursday, June 24, 1999

1:00 PM

City Hall, Room 263

Budget Review Hearings

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 1:15 p.m.

991065 [Budget, 1999-2000]

Hearing to consider 1999-2000 Budget.

General Administration and Finance (Continued from 6/22/99)

Assessor/Recorder (ASR)

City Planning (CPC)

Human Welfare

Commission on Aging (AGE)

Human Rights Commission (HRC)

Commission on the Status of Women (WOM)

Human Services (DHS)

Community Health - Department of Public Health

Community Health Network (HCN)

Public Health (HPH)

General City Responsibilities (GEN)

Capital Projects (CAP)

6/1/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

6/15/99, CONTINUED Heard in Committee. Speakers: Supervisor Yee, Harvey Rose, Budget Analyst, Supervisor Ammanno, Mathew Hymel, Mayor's Office; Ed Harrington, Controller, Supervisor Bierman. Department representatives: Steve Nelson, Administrative Services; Ed Lee, Director, Purchasing; John Marks, Convention Facilities Management; Naomi Nishioka, Acting Director, Elections; Deborah Alvarez, Director, Department of Children, Youth & Families; Monique Moyer, Mayor's Office; Ann Marie Conroy, Director, Treasure Island; Francesca Victor, Director, Department of Environment; Gloria Young, Clerk of the Board; Ginny Vida, Director, Ethics Commission; Louise Renne, City Attorney; Susan Leal, Treasurer; Richard Sullivan, Tax Collector; Tommie Whitlow, Assistant Assessor; Gerald Green, Director of Planning; Robert Feldman, Board of Appeals; Joe Grubb, Executive Director, Rent Arbitration Board; Kate Favetti, Executive Officer, Civil Service Commission; Andrea Gourdine, Director, Human Resources; Claire Murphy, General Manager, Retirement System; Alan Carlson, Trial Courts; Jessie Williams, Chief Probation Officer, Juvenile Probation; Marsha Bell, Librarian, Law Library; David Frieders, Commissioner of Agriculture Weights & Measures; Dr. Boyd Stevens, Medical Examiner; Carl Friedman, Director, Animal Care and Control; Ricardo Hernandez, Public Administrator Public Guardian; Terence Hallinan, District Attorney; Jeff Brown, Public Defender; Michael Hennessey, Sheriff; Armando Cervantes, Chief Probation Officer, Adult Probation; Robert Demmons, Chief, Fire Department; Ernie Prindel, Budget Analyst office; Ken Bruce, Budget Analyst office; Fred Lau, Chief, Police Department. Public: Larry Latimore, POWER, Jake McCulder. Continued to June 16, 1999.

6/16/99, CONTINUED Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Robert Jenkins, Director, Steinhart Aquarium, Academy of Sciences; Supervisor Yee; Ken Bruce, Budget Analyst's office; Rich Newirth, Director, Art Commission; Beth Murray, Managing Director, War Memorial; Steve Dykes, Director of Administrations, Fine Arts Museum; Dede Wilsey, President Fine Arts Commission; Emily Sano, Director, Asian Art Museum; Supervisor Bierman, Susan Hildreth, Deputy City Librarian, Public Library; Joel Robinson, Acting General Manager, Recreation and Park; Mark Carlson, Deputy Director, Public Works; Frank Chiu, Director, Department of Building Inspection; John Martin, Director, Airport; Doug Wong, Executive Director, Port, Stuart Sunshine, Director, Parking and Traffic Department; Julia Dawson, Finance, DPT; Julia Friedlander, Acting Director Telecommunications & Information Services; Mike Martin, Acting Director, Emergency Communications Department; Andy Moran, General Manager, Public Utilities Commission; Michael Burns, General Manager, Municipal Railway; Jim Morales, Director, Redevelopment Agency; Rudy Alvarez, Finance Director, Unified School District. Public: Janan New, Executive Director S.F. Apartment Association; Beisy Thager, Carol Kocivar, PTA; Leah Shahum; Marvis Phillips; Brad; Matt Brown, St. Peter's Housing; Jung Kwok Ching, Mr. Guo, Chinese Progressive Association; Shuang Kuang; Jin Chi Zho. Continued to June 17, 1999.

6/17/99, CONTINUED Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Dr. Mitchell Katz, Director, Department of Public Health; Supervisor Yee; Supervisor Ammanno; Ed Harrington, Controller; David Ishida, Executive Director, Commission on the Aging; Supervisor Bierman; Marivic Bamba, Executive Director, Human Rights Commission; Soma Melara, Executive Director, Commission on Status of Women; Ken Bruce, Budget Analyst's Office; Will Lightbourne, Executive Director, Department of Human Services; Mathew Hymel, Mayor's Office. Public: Gilbert Crisswell. Continued to June 19, 1999.

6/19/99, CONTINUED. Heard in Committee. Speakers: Supervisor Yee; Joe Lacey; Bernie Rush, North of Market Senior Center; Tom Phillips; Harry Goldfinger, Golden Gate Senior Services; Dorinda Ottey, CASE; Jim Elick, Coalition for Aging; Nick Lederer, Golden Gate Senior Services; Arthur Jackson; Richard Oow, Coalition on Homelessness (COH); Rebecca Graff, COH; Sarah Short, COH; Rosemary Dady, COH; Robert Haaland, COH; Miguel Wooding, COH; Judy Appel, Staff Attorney, COH; Mara Raider, COH; Shannan Keyton, Attorney COH; Mary Kate Connors, Police Crisis Intervention Program; Darren Lewis, COH; Matt Brown, St. Peters Housing; Ron Periz, Treatment on Demand Council; Jason Albertson; Jennifer Friedenbach, COH; Rebecca Vilkersen, CURE, COH; Dorothy Norman; Carla Amader, La Raza Centro, Mark Stanford, Local 535; Valerie Villela; Victor Santis, 30th Street Senior Services; Frances Bums; David Drabblo, Paramedic, Fire Department; John Frank; Dale Butler; Lonnie Ruth Slunsky; Jim Keck; Larry Bradshaw; Dennis Chase, Names Project; Yvonne Kirols, Citizens In Action For Personal Assistance; Metch Jeterich, Independent Living Center; J. Murray Fox, Legion of Honor Museum; Ernestine Weiss; Kathy Wolfe; Richard Rothman; Bob Planthold; Mary Ruth Gross; Jonna Ramey, St. Mary's Park Improvement Club; Marybeth Wallace, Coleman Advocates; Mary Harris; Garrett Jenkins, North of Market Planning Coalition; Laveme Hawkins; Coleman Advocates; Tom Nolan, Executive Director Project Open Hand; Carolyn Galbreath, Randall Museum; Karen Crommie, Friends of City Planning; Romona Albright, Friends of City Planning; Gilda Serrano, Parent Advocates; Richard Hanlin; Joan Pierson, Parent Advocate; Lanora Hamilton; Aaron Peslin; Gerry Crowley, Telegraph Hill Dwellers; Jamie Motley, Walenberg High School; R. Jamal, Youth Making a Change; Taj James, Coleman Advocates for Children; Herbert Aliga; Shireen Lee; Dr. Christina Ma, Pediatrician, UCSF; Marie Ciepiela, OMI/Excelsior Beacon Center; Naz Johnson, Balboa High School; Dillion Scott, Balboa High School; Fred Hobson, S.F. Tomorrow; Emanuel Smith; Marcia Forrilla, Health Nurse, Balboa High School; Ann Anderson, Council of Neighborhood Libraries; Vera Haile; Susan Mara; Scott Elshishans, Shanti Project; Duane Poe, Black Coalition on AIDS; Female, La Raza; Female, Health Services for the Disabled; Margaret Jereme, Association for Education of Children; Female, Family Childcare Provider, Western Addition; Judion Baker, South of Market Childcare; Maureen Carew; Amy Stukilis, teacher, South of Market Center; Female, Health Services, Children with Disabilities; David McGuire; Bill Sorro; Tessie Topal, Jewish Family Children Services; Camilla Ng; Winnie Yu; Darrell Poe, Native American AIDS Project; Michael Sanders; Mark Foreman; John Garcia; Perasha Zond, Nurse, Native American AIDS Project; Martin Wakatu, Director, Native American AIDS Project; Mabel Seto, Childcare provider; Jamie Huang, Childcare worker; Merry Fowler, Moscone Park Playground; Sue Chang, Director, Moscone Park Playground; Nancy Ho; Amy Yam; Wai Yee; Qum Meika; Lisa Chan; Carol Steiman, Library Commissioner; Barbara Berman, Friends of Library; Vas Prabhu, Director of Education, De Young Museum; Mary Pat Cress; Cheryl Bancroft; Autumn Payne; Marvin Melchor Bustamonte, Public Health, San Francisco General Hospital (SFGH); Neil Gendel; Maria Luz Torres; Tracey Faulkner; Nora Roman, nurse, SFGH; Mary Brown; Addabla Megahed, Mission Rock Shelter; Janie Hanagan; Jim Hartman, De Young Museum; Joe Wilson, Coleman Advocates; Stan Kean; Reuben Goodman; Bruce, American Institute of Architects; Pauline Lo; M. Ho, Family Network; Mrs. Zhu; Ma Jin; Amoz Lam; Mrs. Wong; Mrs. Lee; Ma Ho; Celia Siason; Emily Sauto; Carmen Maldonado; Amy Dawson, Director, Randall Museum; Jaho Oscherwhz, Local 790; Iris Biblowitz, RN; Elizabeth Kirchner; Ashbury Neighborhood Council; Linda Joseph, Local 535; Irma Penate, Childcare Provider; Michele Lundy, S.F. Family Childcare; Michael Lyon; SFGH; Walker Langston Dukes, SFGH; Geraldo Ramos, Circle of Care; Norman Telson, Executive Director, Filipino-American Council; Fem Ebeling, RN; Steve Currier, Excelsior Youth Center; Carolyn Washington, Bayview Sr. Center; Steve Bingham, National Coalition for Youth; Leslie Ramos, Balboa High School, Rebecca Evans, Commission on the Environment; Anthony Bafondess, We The People. Continued to June 22, 1999.

6/22/99, CONTINUED. Heard in Committee. Speakers: Supervisor Yee; Harvey Rose, Budget Analyst; Supervisor Ammiano; Mathew Hymel, Mayor's Office; Ed Harrington, Controller; Supervisor Bierman. Department representatives: Steve Nelson, Administrative Services; Louise Renne, City Attorney; Susan Leal, Treasurer; Doris Ward, Assessor; Gerald Green, Director of Planning; Joe Grubb, Executive Director, Rent Arbitration Board; Andrea Gourdine, Director, Human Resources; Claire Murphy, General Manager, Retirement System; Alan Carlson, Trial Courts; Jessie Williams, Chief Probation Officer; David Frieders, Commissioner of Agriculture/Weights & Measures; Herbert Hawley, Administrator, Medical Examiner's Office; Carl Friedman, Director, Animal Care and Control; Ricardo Hernandez, Public Administrator/Public Guardian; Terence Hallinan, District Attorney; Jeff Brown, Public Defender; Michael Hennessey, Sheriff; Fred Brousseau, Budget Analyst's office; Lee Sampson, Business Manager, Adult Probation; Robert Demmons, Chief, Fire Department; Emie Prindell, Budget Analyst's office; Ken Bruce, Budget Analyst's office; Debra Ward, Financial Officer, Fire Department; Fred Lau, Chief, Police Department. Public: Larry Latimore, POWER; Jake McCulder. The Assessor and City Planning Department was continued to June 24, 1999. The meeting was continued to June 23, 1999.

6/23/99, CONTINUED. Heard in Committee. Speakers: Supervisors Yee; Bierman; Ammiano; Rebecca Villarsen, Jennifer Friedenbach, Coalition on Homelessness (COH); Margaret Brodkin, Coleman Advocates; Stephen Bingham, National Center for Youth Law; Lana Berger, POWER; Karen Sherr; Rand Quinn, N. California Immigrant Rights Coalition; Roger Bazeleg, PTA; Sandra Vanderpool, Guerrero House; David Graves, Kids-In-Parks; Deane Shokes, Stonestown YMCA; Alexander Vaughan, Mission YMCA; Art Tapia, Coleman Advocates; Sue Eisenberg, Self-Help for the Elderly; Gerald de Ryan; Deetje Boler; Zachary Wald, BayPeds; Betsy Thaggard, WalkSF; Leah Shohalm, SF Bicycle Coalition (SFBC); Ken Kelton, Pedsafe; Kathirene Soriano, Homeless Prenatal Program; James Morrison, WalkSF; Margaret Robbins; Manny Sunshine, Urban Elders Program; Emily Drennen, SFBC; Joshua Switsky, WalkSF; Irv Katuna, SF State University, President Gamma; Robert Nash, POWER; Jon Winston; Martina Gillis; Darren Lewis, COH; Barbara Hughes, POWER; "Marlene," POWER; "Garth," POWER; Ed Ealing, POWER; Roxanne Trade, POWER; Julia Greenfield, Lawyers Committee for Civil Rights; Abdalla Megahed; Sue Cauthen, Sunshine Ordinance Task Force; David Pipel, Rescue MUNI; Pauline Peel, Seniors Disability Advisory Council; Martha Bridegum, COH, John Bergman, POWER; Emma Harris, POWER; Michelle Michelson, Legal Aid Society; Ed Willard, POWER; "Will B. Paidwell" (pseudonym), POWER. Continued to June 23, 1999.

6/23/99, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Enrique Navas, San Francisco Unified School District (SFUSD); Tim Tronson, SFUSD; Robert Jenkins, Director, Steinhart Aquarium, Academy of Sciences; Supervisor Yee; Ken Bruce, Budget Analyst's office; Rich Newirth, Director, Art Commission; Supervisor Bierman; Beth Murray, Managing Director, War Memorial; Steve Dykes, Director of Administrations, Fine Arts Museum; Dede Wiley, President, Fine Arts Commission; Emily Sano, Director, Asian Art Museum; Supervisor Bierman, Susan Hildreth, Deputy City Librarian, Public Library; Supervisor Ammiano; Mathew Hymel, Mayor's office; Debra Newman, Budget Analyst's office; Joel Robinson, Acting General Manager, Recreation and Park, Mark Primeau, Director, Public Works; Frank Chiu, Director, Department of Building Inspection; Marcus Perro, Deputy Director, Airport; Doug Wong, Executive Director, Port, Stuart Sunshine, Director, Parking and Traffic Department; Julia Friedlander, Acting Director Telecommunications & Information Services; Mike Martin, Acting Director, Emergency Communications Department, Andy Moran, General Manager, Public Utilities Commission; Michael Bums, General Manager, Municipal Railway. Continued to June 24, 1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Supervisor Yee; Gerald Green, Director of Planning; Raymond de Portillo, Chair, Commission on Aging; David Ishida, Executive Director, Commission on Aging; Supervisor Ammiano; Marivic Bamba, Executive Director, Human Rights Commission; Will Lightbourne, Executive Director, Department of Human Services; Monique Zmuda, Department of Public Health; Supervisor Bierman; Mathew Hymel, Mayor's office; Supervisor Yee; Ken Bruce, Budget Analyst's office; Fred Lau, Chief, Police Department. Amended (see Budget Analyst Report showing recommendations of Finance and Labor Committee in file; also see Controller's report outlining budget changes by department, program and object; appropriation reserves detail; and Committee's budget addbacks). To Board on July 12, 1999.

AMENDED.

Annual Budget of the City and County of San Francisco for Fiscal Year 1999-2000.

(Charter Section 9.100 provides the Board shall not adopt the Budget earlier than July 15, 1999, nor later than August 1, 1999.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

991208 [Designating the San Francisco Examiner as Official Newspaper for fiscal year 1999-2000 (Type 1 Advertising, must publish at least 5 consecutive days a week)]

Resolution designating the San Francisco Examiner to be official newspaper of the City and County of San Francisco for specified categories of advertising, commencing July 1, 1999. (Purchaser)

6/16/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Yee, Mike Ward, Purchasing Department. To Board June 28, 1999

RECOMMENDED AS COMMITTEE REPORT by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

991209 [Designating the San Francisco Independent as Official Newspaper for fiscal year 1999-2000 (Type 2 Advertising, must publish at least 3 nonconsecutive days a week)]

Resolution designating the San Francisco Independent to be official newspaper of the City and County of San Francisco for specified categories of advertising, commencing July 1, 1999. (Purchaser)

6/16/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Yee, Mike Ward, Purchasing Department. To Board June 28, 1999

RECOMMENDED AS COMMITTEE REPORT by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

991210 [Outreach Newspapers for fiscal year 1999-2000]

Resolution designating the Bay View Inc., the Sun Reporter and the Small Business Exchange to be outreach newspapers of the City and County of San Francisco for the African-American community; designating the China Press, the Sing-Tao Daily News, and the World Journal to be outreach newspapers of the City and County of San Francisco for the Chinese community; designating the El Latino and the El Reporter (The Reporter) to be outreach newspapers of the City and County of San Francisco for the Hispanic Community; designating the Philippine Guardian as the outreach newspaper of the City and County of San Francisco for the Philippine community; designating the Korean Times as the outreach newspaper of the City and County of San Francisco for the Korean community; designating the Hokubei Mainuchi as the outreach newspaper of the City and County of San Francisco for the Japanese community; designating the San Francisco Bay Times and the Bay Area Reporter as the outreach newspapers for the Lesbian/Gay/Bisexual community, commencing on July 1, 1999. (Purchaser)

6/16/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Yee, Mike Ward, Purchasing Department. Amended to allow purchaser to execute contracts with only those newspapers who comply with the City's equal benefits requirements; new title. To Board as a Committee Report on June 28, 1999.

AMENDED.

Resolution designating the Bay View Inc., the Sun Reporter and the Small Business Exchange to be outreach newspapers of the City and County of San Francisco for the African-American community; designating the China Press, the Sing-Tao Daily News, and the World Journal to be outreach newspapers of the City and County of San Francisco for the Chinese community; designating the El Latino and the El Reporter (The Reporter) to be outreach newspapers of the City and County of San Francisco for the Hispanic Community; designating the Philippine Guardian as the outreach newspaper of the City and County of San Francisco for the Philippine community; designating the Korean Times as the outreach newspaper of the City and County of San Francisco for the Korean community; designating the Hokubei Mainuchi as the outreach newspaper of the City and County of San Francisco for the Japanese community; designating the San Francisco Bay Times and the Bay Area Reporter as the outreach newspapers for the Lesbian/Gay/Bisexual community, commencing on July 1, 1999; authorizing the Purchaser to execute contracts with only those outreach newspapers that fully comply with all City contracting requirements, including equal benefits requirements. (Purchaser)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

991052 [Annual Appropriation Ordinance FY 1999-2000]**Mayor**

Annual Appropriation Ordinance appropriating all estimated receipts and all estimated expenditures for the City and County of San Francisco for fiscal year ending June 30, 2000. (Controller)

(Fiscal impact; Companion measure to Files)

6/1/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Bierman; Supervisor Ammiano; Supervisor Yee. Amended to reflect the Finance and Labor Committee's recommendations (see file for details); to Board meeting of July 12, 1999.

AMENDED.**RECOMMENDED AS AMENDED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

991086 [Annual Salary Ordinance, FY 1999-2000]**Mayor**

Annual Salary Ordinance enumerating positions in the annual budget and appropriation ordinance for the fiscal year ending June 30, 2000, continuing, creating or establishing these positions; enumerating and including therein all positions created by Charter or State law for which compensations are paid from City and County funds and appropriated in the annual appropriation ordinance; authorizing appointments or continuation of appointments thereto; specifying and fixing the compensations and work schedules thereof; and authorizing appointments to temporary positions and fixing compensations therefor.

(Fiscal impact; Companion measure to Files 991065, 991052.)

6/1/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Bierman; Supervisor Ammiano, Supervisor Yee. Amended to reflect the Finance and Labor Committee's recommendations (see file for details); to Board meeting of July 12, 1999.

AMENDED.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

ADJOURNMENT

The meeting adjourned at 3:59 p.m.

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

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June 22, 1999

DOCUMENTS DEPT.

TO: Finance and Labor Committee

FROM: Budget Analyst

JUN 24 1999

SUBJECT: June 24, 1999 Finance and Labor Committee Meeting

SAN FRANCISCO
PUBLIC LIBRARY

Items 2 and 3 – Files 99-1208 and 99-1209

Department: Purchasing Department

Item: File 99-1208: Resolution designating an as yet to be determined newspaper to be the official newspaper of the City for specified categories of advertising (Type 1), commencing July 1, 1999.

File 99-1209: Resolution designating the San Francisco Independent to be the official newspaper of the City for specified categories of official advertising (Type 2), commencing July 1, 1999.

Description: The City's official advertising is divided into two categories:

Type 1 – Advertisements for Two of More Consecutive Days
Official advertising which must be published on two or more consecutive days, and all official advertising which is required to be published in accordance with Section 2.103 of the Charter for special meetings of the Board of Supervisors and its standing or special committees. The Official Newspaper must publish at least 5 days a week for Type 1 Advertising.

Type 2 – Advertisements for Single or Non-consecutive Days
Official advertising, which must be published one time, other than one-time advertising related to special meetings for the Board of Supervisors and its standing and/or special committees, or more than one time but not more than three times per week for a specified number of weeks. The Official Newspaper must publish at least 3 days a week for Type 2 Advertising.

The City currently contracts with the San Francisco Examiner for Type 1 official advertising and with the San Francisco Independent for Type 2 official advertising. The contracts are due to expire June 30, 1999.

Proposition J, which was approved by the San Francisco electorate in November of 1994, in part, changed the criteria by which the City selects a newspaper to publish the City's official advertising. The Purchasing Department advises that, under Proposition J, pursuant to Section 2.81 of the Administrative Code, several criteria are considered and used to evaluate bids, on the basis of a point system. Bidders are required to submit typeset samples and other documentation for evaluation purposes. The criteria used for evaluation of bids under Section 2.81 includes (1) the cost of advertising in each newspaper (the newspaper which bids the lowest price for advertising receives additional points), (2) the level of circulation of each newspaper (the newspaper with the largest circulation receives additional points), (3) the cost of the newspaper (any newspaper with a majority of circulation that is free of charge to the general public receives additional points), and (4) the ownership of the newspaper (newspapers which are owned by local, minority or women-owned firms receive additional points).

File 99-1208: For FY 1999-2000, the Purchasing Department estimates that the total costs for Type 1 official advertising in the San Francisco Examiner under a contract extension will be \$32,780, or \$13,280 more than the estimated \$19,500 expended on Type 1 advertising in FY 1998-1999. According to the Purchasing Department, in response to its Invitation for Bids, the Department did not receive any bids for Type 1 official advertising. Because no bids were received, the Purchasing Department is not making a recommendation regarding the award of the City's

Type 1 official advertising for FY 1999-2000. Instead, the Purchasing Department is presenting information to the Board of Supervisors about the San Francisco Examiner and San Francisco Chronicle newspapers. According to the Purchasing Department, the San Francisco Examiner and San Francisco Chronicle have historically been the only responsive bidders for Type 1 advertising, and appear to be the only newspapers that meet the Administrative Code's requirements for Type 1 advertising.

Because no bids were received for Type 1 advertising, the Purchasing Department has presented five options to the City for FY 1999-2000 for the Board of Supervisors consideration as follows: (1) the Board of Supervisors could choose not to have an Official Newspaper for Type 1 advertising, (2) the Board of Supervisors could direct Purchasing to rebid Type 1 using the same bid requirements, (3) the Board of Supervisors could direct Purchasing to rebid and relax some of the requirements of the Administrative Code, (4) the Board of Supervisors could designate the Examiner or Chronicle as the Official Newspaper for Type 1, or (5) the Board of Supervisors could designate the Examiner as the Official Newspaper for Type 1 advertising by extending the current contract with the Examiner (see Attachment 1, pages 2-3 of the letter from the Purchasing Department, dated June 3, 1999 for a more detailed description of the options).

Regarding the five options, the Director of Purchasing stated that with respect to Option No. 5 which, if adopted by the Board of Supervisors, would designate the Examiner as the Official Newspaper for Type 1 advertising, "It appears this option is the most practical, timely, and economical method to meet the City's needs for Type 1, consecutive day advertising."

The Purchasing Department advises that the cost per line of typeset in FY 1999-2000 would be \$2.24, or \$0.20 more than the \$2.04 charged in FY 1998-1999, representing a 9.8 percent cost increase. Attachment 1, page 8, provided by the Purchasing Department, contains bid data and point calculation information for the San Francisco Examiner, using last year's bid data, and assuming the Examiner's contract is extended.

File 99-1209: For FY 1999-2000, the Purchasing Department estimates that total costs for Type 2 official advertising in the San Francisco Independent will total \$783,400, or \$53,700 less than the estimated \$837,100 expended for Type 2 advertising in FY 1998-1999. According to the Purchasing Department, in response to its Invitation for Bids, the Department received one bid for Type 2 official advertising. The San Francisco Independent proposed to extend its existing contract with the City for Type 2 advertising. The Purchasing Department is recommending that the San Francisco Independent be awarded the City's Type 2 official advertising for FY 1999-2000. The Purchasing Department advises that the cost per line of typeset in FY 1999-2000 would be \$4.30, or \$0.26 less than the \$4.56 charge in FY 1998-1999, a 5.7 percent decrease. Attachment 1, page 8, provided by the Purchasing Department contains the bid data and point calculation information for the San Francisco Independent.

Comments:

1. The Purchasing Department states that the City Attorney has advised that the Board of Supervisors need not accept the Purchasing Department's recommendations to award contracts to newspapers for Official Advertising and may designate any newspaper which is qualified under the Charter and the Administrative Code.
2. As explained on Attachment 1, page 4, the Purchasing Department estimated the average of the total lines of official advertising placed by the City during a four-year period, FY 1994-1995 through FY 1997-1998, and multiplied by the newspaper's line price, to estimate the cost of Type 1 and Type 2 official advertising for FY 1999-2000. This calculation is detailed for Type 2 advertising based on the bid received in Attachment 1, page 8. The Purchasing Department has not provided a similar calculation for Type 1 advertising, because no bids were received.
3. According to the Purchasing Department, pursuant to Section 2.81-2(a) of the Administrative Code, 90 percent of the cost of official advertising will be paid to the Official Newspapers and 10 percent will be withheld and placed into a revenue fund to pay for outreach advertising which are weekly advertisements placed in community-based

Memo to Finance and Labor Committee
June 24, 1999 Finance and Labor Committee Meeting

periodicals, targeting African American, Chinese, Latino, and Lesbian, Gay, and Bisexual communities, designated by the Board of Supervisors. In addition, any portion of the 10 percent set aside that is not expended in previous years will be carried forward for future outreach advertising.

Recommendation: Approval of the proposed resolutions is a policy matter for the Board of Supervisors.



Willie Lewis Brown, Jr.
Mayor

June 3, 1999

Edwin M. Lee
Director

99 JUN -3 11:57

To: Gloria Young
Clerk of the Board

Through: Steve Nelson
Director of Administrative Services

From: Edwin M. Lee
Director of Purchasing

Subject: Resolutions Designating Official Newspapers and Outreach Newspapers for FY 99-2000

991208
1209
1210

Summary

In accordance with §2.81 of the Administrative Code, I am reporting to the Board the results of Purchasing's request for bids for Official Advertising. Purchasing has prepared the enclosed resolutions for the two categories of advertising.

This memo describes the process of evaluating bids for Official Advertising, the major issues encountered, and the Board's options. A corresponding report on Outreach Advertising and recommendations follows the report on Official Advertising.

A. Official Advertising

As required by the Admin. Code, Purchasing is recommending the San Francisco Independent as the Official Newspaper for Type 2, nonconsecutive day advertising. Because no bids were received for Type 1, consecutive day advertising, Purchasing is not making a recommendation for Type 1. Instead, Purchasing is presenting information about the Chronicle and Examiner, which have historically been the only responsive bidders for Type 1, and appear to be the only newspapers which meet the Admin. Code's requirements for Type 1 advertising. Although the newspapers did not bid, the San Francisco Newspaper Agency (SFNA), agent for the Examiner and Chronicle, has offered the City to extend the existing contract with the Examiner. In this situation, the Board may designate either newspaper as the Official Newspaper for Type 1, or may consider other options presented in the "Bid Summary, Type 1 Consecutive Day," on the next page. It appears that option 5 offers the most practical alternative.

Pursuant to the Admin. Code, Purchasing calculated the points for the Independent using its current bid. For information purposes, we calculated points for the Examiner using last years contract extension data. A summary of the calculation follows:

	Type 1: Option to Extend <u>Examiner's contract</u>	Type 2: current bid data <u>Independent</u>
Total Points	Not applicable	36
Ranking	Not applicable	1
Cost per line	\$2.24	\$4.30
Est. Cost	\$32,780.00	\$783,400

The total estimated cost for Type 1 for the Examiner under a contract extension is \$32,780.00. The estimated cost for Type 2 for the Independent is \$783,400. Ten percent of the total of Type 1 and 2 would be available for Outreach Advertising.

Gloria Young
June 3, 1999
Page 2

Schedule

The current contracts for Official Advertising will expire June 30, 1999 and new Official Newspapers must be designated prior to July 1.. To meet this June 30 deadline, please calendar these resolutions to allow time for Committee meetings, Board approval, signature of the Mayor, and notification to City departments. Due to the unusual situation for Type 1 advertising, more than one Committee meeting could be necessary.

Definition of the Two Types of Advertising

The City places two kinds of advertising, which have historically been designated Type 1 and Type 2. A shorthand description of them is: type 1 is consecutive day advertising; and Type 2 is nonconsecutive day advertising. For Type 1 advertising, the Official Newspaper must publish at least 5 days a week. For Type 2 advertising, the Official Newspaper must publish at least 3 days a week.

The formal definitions are as follows: Type 1 advertising is that which must be published on two or more consecutive days or which must be published in accordance with §2.103 of the Charter. Type 2 advertising is that which must be published one time other than by §2.103 of the Charter, and all other official advertising required more than one time, but not more than three times a week.

Two sample ads, one for each type of advertising, appear in Exhibit A, "Samples of type 1 and Type 2 Advertising."

Bid Summary

Bidders were required to submit typeset samples and other documentation for the evaluation of points pursuant to Admin. Code §2.81. No bids were received for Type 1 advertising and one bid was received for Type 2 advertising. Purchasing received an offer from the SFNA, agent for the Examiner and Chronicle, to provide Type 1 advertising under a contract extension with the Examiner. The details of the offer are explained below in options 4 and 5. Exhibit B is a detailed presentation of bid data (this year and last) showing how the points were calculated.

Type 1, Consecutive Day

Because no bids were received for Type 1 advertising, Purchasing is unable to make a recommendation pursuant to the guidelines in §2.81. The following options are presented for the Board's consideration. It appears that Option 5 offers the most practical, timely and economical solution.

Options:

1. No Official Newspaper for Type 1. The Board could choose not to have an Official Newspaper for Type 1 advertising. Purchasing does not recommend this option because of the City's need for Type 1 advertising for scheduling special meetings of the Board, Committees, and certain consecutive day advertising such as bond issuance's and special elections.

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June 3, 1999
Page 3

2. Rebid with the same bid requirements. The Board could direct Purchasing to rebid Type 1 using the same bid requirements. However, the SFNA has said that the newspapers chose not to bid on the current bid and would not bid if there were a rebid. Purchasing contacted other potential bidders and found that only the Examiner and the Chronicle meet the Admin. Code's requirements for circulation of 50,000 per week, consecutive day publication, and printed in the City. Therefore, Purchasing does not recommend this option because it is almost certain no responsive bids would be received.
3. Rebid and relax some of the requirements of the Admin. Code, such as weekly circulation of 50,000 per week, consecutive day publication, or printed in City, so additional newspapers would meet the requirements. Because these requirements are in Admin. Code §§2.80 and 2.81 and were passed by the voters, it would require voter approval to relax these requirements. Purchasing does not recommend this option because of the complexity and time requirements of obtaining voter approval.
4. Designate the Examiner or Chronicle as the Official Newspaper for Type 1 advertising, because they are the only known newspapers that meet the Admin. Code's requirements for circulation of 50,000 per week, consecutive day publication, and printed in the City. Although the newspapers did not bid, the SFNA, agent for the Examiner, offered to extend the current contract at the rate of \$2.24 per line. If the City does not extend the contract, and the Board designated the Chronicle or Examiner as official newspaper for Type 1 Advertising, the newspaper would not be subject to any of the City's terms and conditions required in the bidding process.
5. Designate the Examiner as the Official Newspaper for Type 1 advertising by extending the current contract. Under this option, the SFNA offers to sign a one page contract extension, which would extend the contract for one year, and incorporate the existing terms of the agreement.

It appears this option is the most practical, timely, and economical method to meet the City's needs for Type 1, consecutive day advertising.

Following are some of the advantages of the extension:

- If the contract is extended with the Examiner, the City will have a contract with the City's terms and conditions.
- The Examiner has historically been designated the Official Newspaper for Type 1 advertising.

NOTE: the Board, last year, selected Option No. 5 to extend the Examiner's 1997 contract to cover FY 98-99.

Type 2, Nonconsecutive Day

One bid was received for Type 2 advertising, from the Independent. Pursuant to Admin. Code, Purchasing is recommending the Independent as the Official Newspaper for Type 2, nonconsecutive day advertising.

Equal Benefits Ordinance

The San Francisco Independent and the San Francisco Newspaper Agency (SFNA) agent for the Examiner and Chronicle comply with the Equal Benefits Ordinance.

Gloria Young
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Bid Evaluation before and after the FY 94-95 Contract

Up to and including FY 94-95, bidders which were responsive were evaluated on their bid price alone. Purchasing recommended the lowest reliable and responsible bidder, and the Board either agreed with the recommendation, requested the transaction to be rebid, or took other action.

In November 1994, Prop. J was passed by the voters, and for the FY 95-96 contract and beyond, bid price is only one of several factors which are evaluated and weighted to determine the recommended paper. Also, Purchasing is required to recommend the paper with the highest point total. The City Attorney has advised that the Board need not accept Purchasing's recommendation and may designate any newspaper(s) meeting the Charter requirements.

How the Estimated Cost of the Contract was Calculated

To estimate how much the City would spend on advertising, Purchasing estimated the number of lines of advertising and multiplied by the paper's line price.

To estimate the lines of advertising for FY 99-00, Purchasing used the average of the total lines of ads placed from FY 94-95 through FY 97-98. For each paper, the number of lines was adjusted to compensate for the papers' different methods of typesetting. (The same ad would require a different number of lines in the Independent that it would in the Examiner.)

The Estimated Cost includes Official Advertising and Outreach Advertising

Pursuant to §2.81-2(a) of the Admin. Code, 90% of the cost of Official Advertising will be paid to the Official Newspapers and 10% will be withheld and placed into a revenue fund to pay for Outreach Advertising. In addition, any money which was withheld and not spent in previous years will be carried forward and available for future Outreach Advertising.

Other Issues

1. On What Days Department Should Advertise

Section 2.81-1 reads in part:

"If the circulation of the official newspaper(s) varies by day or the cost of advertising varies by day, the Purchaser shall direct all City departments to advertise in those editions of the newspaper(s) with the greatest circulation and the lowest advertising cost."

For type 1, FY 96-97 statistics showed a conflict between highest circulation and lowest cost. The Examiner's (and Chronicle's) circulation on Sunday are higher but the price is also higher. As a result, Purchasing plans to advise departments to advertise on Monday through Saturday.

For Type 2, the Independent's bid price is the same for its Tuesday, Thursday and Saturday editions, but the circulation varies. The Independent's audit report of its circulation shows no San Francisco home circulation on Thursday. As a result, Purchasing plans to direct departments to advertise on Tuesday (S.F. home circ. 198,850) and Saturday (128,977) and not on Thursday (0).

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Page 5

These are similar to the same recommendations made last year about low circulation on a specific day. If the Board would prefer Purchasing to give different direction to City departments, please advise.

2. Current and Historical Data on Bid Prices and Spending

Purchasing has gathered information on bid prices and spending for Official Advertising from FY 94-95 to the present. The information is presented in Exhibit C, "Type 2 Bid Prices, Sample Ad Prices, and Spending, FY 94-95, FY 99-00". Following is a summary from the exhibit for the current FY and the bid prices (and offers) received for FY 99-00.

	<u>FY 98-99</u>	<u>FY 99-00</u>
Type 1 Cost per line: Examiner	\$2.04 with contract extension	\$2.24 with contract extension
Type 2 Cost per line: Independent	\$4.56	\$4.30

3. Approval of Official Newspapers' Workforce Data and Affirmative Action Plans (Chapter 12B)

The Human Rights Commission received and approved the Chapter 12B-related materials submitted by the Independent.

B. Outreach Advertising

Purchasing is recommending to the Board that the current contract for Outreach Advertising be extended for an additional twelve (12) months through June 30, 2000.

The basis for this recommendation is as follows:

- Comply with the board's effort to afford additional minority communities participation in the City's outreach advertising contract.
- Allow outreach newspapers an additional contract term in order to fully participate in the contract. Several newspapers spent six months to comply with City's Contracting Requirements (12B, etc.) and their participation was extensively delayed.
- Several outreach newspapers are currently in the final stages for approval for contracting requirements.

With this extension of the current contract, the board can achieve its effort to maximize community based newspaper participation in the outreach advertising contract.

Conclusion

Purchasing looks forward to reviewing this matter with the Committee. If we can provide any additional information before the Committee meeting, please advise.

Enclosures are listed on next page.

Enclosures:

Resolution designating a "to be determined" newspaper as the Official Newspaper for Type 1, consecutive day advertising.

Resolution designating the S.F. Independent as the Official Newspaper for Type 2, nonconsecutive day advertising.

Resolution extending the outreach advertising contract for an additional twelve (12) month period through June 30, 2000.

A. Samples of Type 1 and Type 2 Advertising

B. Bid Data and Point Calculation

C. Type 2 Bid Prices, Sample Ad Prices, and Spending, FY 94-95 through FY 98-99

Samples of Type 1 and Type 2 Advertising

Type 1

This category includes Board of Supervisors' Notices of Special Meetings. The following example is notice of a Special Meeting of the Board.

NOTICE OF SPECIAL MEETING
BOARD OF SUPERVISORS
Thursday, March 12, 1994 - 1:45 pm.
Counners, 2nd Floor, City Hall

Notice is hereby given that the Board of Supervisors will hold a special meeting on March 12, 1994, at 1:45 pm, in the Legislative Chambers, City Hall, San Francisco, to consider the following item:

Submitting to the qualified electors of the City and County of San Francisco at an election to be held on June 7, 1994 a proposal to amend the Charter by adding Sections 1.8714 through 1.8719 relating to selection of Bay Area Rapid Transit station site at San Francisco International Airport. (Superior Motion) File 12D-94-L

Copy of measure summarized above may be reviewed at the Clerk's Office, Room 225, City Hall, 11, Tenth, Court, OYSTERSIDE, 17, 17.

Type 2

This category includes: Notices of Board and Committee Meetings; Summary of Board Actions; Invitations for Proposals; Invitations for Bids; Citations: The following example is a Notice of a Regular Meeting of the Budget Committee.

NOTICE OF REGULAR MEETING
BUDGET COMMITTEE
S.F. BOARD OF SUPERVISORS
ROOM 225, CITY HALL
WEDNESDAY, MARCH 9, 1994 - 1:00 PM

SUMMARY:

REGULAR CALENDAR

File 217-94-2 [Supplemental Budget/Senior Escort Program] Hearing to consider the status of the Board of Supervisor's request for a \$200,000 supplemental appropriation to the Senior Escort Program. (Supervisors: Hsieh, Alton, Brennan) (Continued from 2/2/94)

File 101-93-711 [Reserved Funds, Port of San Francisco] Hearing requesting release of reserved funds, Port, in the amount of \$140,000, for final engineering and design of modifications to tunnels 3) and 4) to accommodate double stack container rail cars. (Port)

File 172-94-5 [Nodd Harlequin Agreement, Ferry Terminal Up-Grade] Resolution authorizing the Port to hold the State of California harmless for claims arising from work done or omitted to be done by agents or contractors working on the Ferry Terminal Up-Grade Project, at Pier V2. (Superior Motion)

File 151-92-2 [Reserved Funds, Redevelopment Agency] Hearing requesting release of reserved funds, Redevelopment Agency, in the amount of \$129,000 for the Hunters Point Shipyard. (Redevelopment Agency)

File 105-94-5 [Board of Supervisors Department Budget, 1994-95] Hearing to consider the 1994-95 Budget request of the Department of the Board of Supervisors. (Superior Motion)

File 93-94-5 [RUC, Temporary Relocation of City Hall] Resolution authorizing the Director of Property to enter into a Memorandum of Understanding with the War Memorial Board of Trustees, for the temporary relocation of the Mayor, the Board of

Supervisors, the Law Library, and portable the City Attorney, to the War Memorial Veterans Building. (Real Estate Dept)

File 61-94-1 [Lease of Real Property at 633 Folsom St.] Resolution authorizing a lease of real property at 633 Folsom Street for the temporary relocation of the Civil Courts, Court-related Administrative Divisions, and other City departments. (Real Estate Dept)

File 61-94-1 [Lease of Real Property at 875 Stevenson St.] Resolution authorizing a lease of real property at 875 Stevenson Street, commonly known as the San Francisco Mart (Mart II), for the temporary relocation of City departments, primarily at City Hall. (Real Estate Dept)

File 47-94-5 [Parking Rate Change - Substitution Garage] Resolution recommending that the San Francisco Board of Supervisors approve new parking rates at the Film and Mission Garage. (Dept. of Parking and Traffic)

File 101-93-55 [Appropriation, Police Department] Ordinance appropriating \$386,700, Police Department, Narcotics Forefeiture and Seizure monies for narcotics abatement and investigation at the Police Department and District Attorney's Office for 1993-94 (includes non-personnel services, materials and supplies, services of other departments and capital improvements for the Police Department and salaries and mandatory fringe benefits for the District Attorney's Office). (Controller)

File 101-93-56 [Appropriation, Dept. of Public Works] Ordinance appropriating \$1,400,000, Department of Public Works, from Earthquake Safety Bond Fund interest earnings for capital improvements to various Fire Stations. (Controller) RO #92223

File 101-92-50-4 [Reserved Funds, Fire Department] Hearing requesting release of reserved funds, Fire Department, 1992 Prop C Fee Improvement Bond

Program, in the amount of \$304,800, for design, construction services and construction for various Fire Department facilities. (Fire Department) (Continued from 3/2)

File 101-93-83 [Appropriation, Department of Public Works] Ordinance appropriating \$2,380,000 and recording \$2,200,000, Department of Public Works, from Sunnyvale Clean Water Project to allow the construction of the Raritan Pump Station and make capital improvements to the Southeast Water Pollution Control Plant for fiscal year 1993-94 (funded from 1988 Sewer Revenue Bonds and interest earnings). (Controller) RO #92228

File 101-93-90 [Appropriation, Department of Agriculture & Ordinance] Ordinance appropriating \$73,473, Department of Agriculture, undivided State Gasoline Tax revenue for equipment purchase, services of other departments and transfer to unappropriated General Fund Reserve for fiscal year 1993-94. (Controller) RO #92232

File 101-93-91 [Appropriation, Board of Supervisors] Ordinance appropriating \$225,000, Board of Supervisors, to add increase professional services contract with the Budget Analyst (Zero-Based Budget analysis) for fiscal year 1993-94; funded from General Fund Reserve (\$117,153) and specification of remaining Board reserves (\$107,807). (Controller) RO #92233 (See also File 89-94-7)

File 101-93-92 [Appropriation, Academy of Sciences] Ordinance appropriating \$655,700, Academy of Sciences, to a facilities maintenance project at the Academy of Sciences for repair of Fish Roundabout at the Steinbrenner Aquarium and appropriating \$154,007 to the General Fund Reserve and recording \$810,007 from a capital improvement project (City Hall roof and skylight repair) at the Department of Public Works for fiscal year 1993-94. (Controller) RO #92234

File 77-94-1 [Charter Reform City] Ordinance authorizing the Proposition II Charter Reform Committee to accept in-kind contributions to the City for the purpose of Charter reform. (Supervisors: Kammann, Brennan, Lead)

File 98-94-6 [Home Program Grant Fund] Resolution authorizing the Mayor to apply for, accept and administer a grant from the U.S. Department of Housing and Urban Development for a local account not to exceed five million six hundred eighty-four thousand dollars (\$5,684,000) for San Francisco General Hospital's participation in the \$25.85 Disproportionate Share Payment Program for fiscal year 1993-94 (includes revenues transfer to the General Fund and \$2,855 match in other non-personnel services). RO #92242 (Superior Motion)

File 101-93-93 [Appropriation, Department of Public Health] Ordinance appropriating \$1,495,177, Department of Public Health, in Medi-Cal net revenues for San Francisco General Hospital's participation in the \$25.85 Disproportionate Share Payment Program for fiscal year 1993-94 (includes revenues transfer to the General Fund and \$2,855 match in other non-personnel services). RO #92242 (Superior Motion)

Request of copy of above items at Clerk's Office, Room 225, City Hall, or by mail with stamped, self-addressed envelope.

3/6/94 - R - J. L. TAYLOR, CLERK
050305112300

Exhibit B

Bid Data and Point CalculationType 1. Consecutive Day (Last year's bid data)

No bids were received for Type 1 advertising. The calculation for the Examiner were made using 96-97 bid data, and assuming the Examiner's contract is extended.

	<u>Examiner</u>	
	<u>Data</u>	<u>Pts.</u>
Cost of Sample	None	15
Home Circ., SF	167,200	10
Price, if zero	25c	0
Locally owned	yes	2
Minority owned	no	0
Woman owned	no	<u>0</u>
Total		27
Ranking		1
Cost per line		
FY Estimated cost		

Type 2. Nonconsecutive Day (Current year's bid data)

	<u>Avail.</u>		<u>Independent</u>
	<u>Points</u>	<u>Data</u>	<u>Pts.</u>
Cost of Sample	15	\$679.40	15
Home Circ., SF	10	327,827	10
Price, if zero	5	zero	5
Locally owned	2	yes	2
Minority owned	2	yes	2
Woman owned	<u>2</u>	no	<u>2</u>
Total	36		36
Ranking			1
Cost per line			\$4.30
FY Estimated cost			\$783,400

Notes

The bidder did not qualify for a bid preference under the MBE/WBE/LBE Ordinance.

Type 2 Bid Prices, Sample Costs, and Spending, FY 94-95 through FY 99-00

	FY 99-00		FY 98-99		FY 97-98		FY 96-97		FY 95-96		FY 94-95	
	Cost/Line	Cost of Est. Sample	Cost/Line	Cost of Est. Sample	Cost/Line	Cost of Est. Sample	Cost/Line	Cost of Amount Spent	Cost/Line	Cost of Amount Spent	Cost/Line	Cost of Amount Spent
Chronicle	No bid		No bid		No bid		3 26	663 04	3 03	622 20	2 37	519 14
Examiner	No bid		No bid		No bid		1 78	363 12	1 66	318 61	1 40	282 80
Independent	4 30	6 79 40 783,400	4 56	7 20 48 837,100	4 13	664 00 740,400	3 97	633 2 758,200	3 38	561 80 654,400	2 67	461 91

Notes

1. "Cost/line" is each paper's bid for typesetting one line of advertising. Because the type size, spacing, etc., vary between papers, the reader cannot use the Cost/line data for a reliable comparison of papers' costs. Purchasing's calculation of "Cost of Sample" should be used. (See next item.)

3.

"Est. Cost" is Purchasing's estimate of the cost to place the City's Type 2 official advertising in each paper.

5.

This Exhibit shows data for Type 2 advertising only. Historically, if a Paper has submitted bids for both Type 1 and Type 2 advertising, the two bid prices have been identical.

2.

The "Cost of Sample" is the price of a sample ad provided by the City, based on each paper's bid price and how it typeset the sample ad. The Cost of Sample is directly comparable between papers. Note, for example, that for FY 96-97, the Chronicle's Cost/line (bid price) was lower than the Independent's, but its Cost of Sample was higher.

The City has used the same sample ad since FY 92-93.

Item 4 – File 99-1210

Department: Purchasing Department

Item: Resolution designating certain newspapers for the City's outreach advertising, including the Bay View Inc., the Sun Reporter and the Small Business Exchange to be the outreach newspapers of the City for the African-American community; designating the China Press, the Sing-Tao Daily News and The World Journal to be the outreach newspapers of the City for the Chinese community; designating the El Latino and the El Reporter to be the outreach newspapers of the City for the Hispanic community; designating the Philippine Guardian as the outreach newspaper of the City for the Philippine Community; designating the Korean Times as the outreach newspaper of the City for the Korean community; designating the Hokubei Mainuchi as the outreach newspaper of the City for the Japanese Community; and designating the San Francisco Bay Times and the Bay Area Reporter as the outreach newspapers for the Lesbian/Gay/Bisexual Community.

Description: Proposition J, which was approved by the San Francisco electorate in November of 1994, provided, in part, for an Outreach Advertising Fund to be established for the purpose of the City placing "outreach advertising" or weekly notices of items pertaining to governmental operations in periodicals selected to reflect the diversity in race and sexual orientation of the population of the City. Outreach advertisements include, but are not limited to, information about issues that are being reviewed by the Board of Supervisors and directly affecting the public. Proposition J requires the City to withhold 10 percent of the amounts paid for official advertising and deposit the monies in the Outreach Advertising Revenue Fund.

The Purchasing Department advises that pursuant to Proposition J, on July 29, 1998 (File 98-1067), subsequent to a competitive bid process, the Board of Supervisors designated the Bay View Inc. to be the outreach newspaper of the City for the African American community, the China Press to be the outreach newspaper of the City for the Chinese community, and the El Latino to be the outreach newspaper of the City for the

Hispanic community. On July 29, 1998 (File 98-1068), subsequent to a competitive bid process, the Board of Supervisors designated that the San Francisco Bay Times continue to be the outreach newspaper for the Lesbian/Gay/Bisexual community under an existing contract, after no bids were received to provide outreach advertising to the Lesbian/Gay/Bisexual community. Subsequently, the Board of Supervisors also designated, without a competitive bidding process, the Sun Reporter and the Small Business Exchange to be outreach newspapers of the City for the African-American community; the Sing-Tao Daily News and The World Journal to be outreach newspapers of the City to the Chinese community; the El Reporter to be an outreach newspaper of the City to the Hispanic community; the Philippine Guardian to be the outreach newspaper of the City to the Philippine community; the Korean Times to be the outreach newspaper of the City to the Korean community; the Hokubei Mainuchi to be the outreach newspaper of the City to the Japanese community; and, the Bay Area Reporter to be an outreach newspaper of the City to the Lesbian/Gay/Bisexual community.

Mr. Rick Kimball of the Purchasing Department reports that several outreach newspapers, including the Sing Tao Daily News, the Philippine Guardian, the Bay Area Reporter and the Hokubei Mainuchi, have had difficulty complying with the City's contracting requirements, especially the equal benefits requirements. Consequently, the Purchasing Department recommends that the newspapers previously designated in July of 1998 for the City's outreach advertising, namely the Bay View Inc., the Sun Reporter, the Small Business Exchange, the China Press, the Sing-Tao Daily News, The World Journal, the El Latino, the El Reporter, the Philippine Guardian, the Korean Times, the Hokubei Mainuchi, the San Francisco Bay Times and the Bay Area Reporter, continue to be designated as the newspapers for the City's outreach diversity program without a new competitive bid process, for the 12-month period from July 1, 1999 to June 30, 2000, to allow these newspapers additional time to comply with the City's contracting requirements.

Comments:

1. Pursuant to Proposition J and in accordance with Section 2.81-2(a) of the Administrative Code, the City is required to withhold 10 percent of the annual amounts paid for the City's Type 1 and Type 2 official advertising and to deposit these monies into the Outreach Advertising Fund.

The City's official advertising is divided into two categories:

Type 1 – Advertisements for Two of More Consecutive Days

Official advertising which must be published on two or more consecutive days, and all official advertising which is required to be published in accordance with Section 2.103 of the Charter for special meetings of the Board of Supervisors and its standing or special committees. The Official Newspaper must publish at least 5 days a week for Type 1 Advertising.

Type 2 – Advertisements for Single or Non-consecutive Days

Official advertising, which must be published one time, other than one-time advertising related to special meetings for the Board of Supervisors and its standing and/or special committees, or more than one time but not more than three times per week for a specified number of weeks. The Official Newspaper must publish at least 3 days a week for Type 2 Advertising.

The Purchasing Department estimates that the FY 1999-2000 cost for the City's Type 1 and Type 2 official advertising will be \$805,180. Therefore, the estimated amount available for outreach advertising is \$80,518, or 10 percent of the \$805,180.

2. The Purchasing Department states that the City Attorney has advised that the Board of Supervisors need not accept the Purchasing Department's recommendations to award contracts to the above-noted periodicals and may designate any periodical which is qualified under the Administrative Code. Additionally, pursuant to Sections 2.80-1 (b) and 2.81-4 of the Administrative Code, the Board of Supervisors may

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specify additional outreach communities, and may authorize additional advertising for communities not adequately served by the City's official advertising and outreach periodicals.

3. According to Mr. Kimball, there is a balance of approximately \$112,000 in the Outreach Advertising Fund as of June 21, 1999.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Yee
Supervisor Bierman
President Ammiano
Supervisor Becerril
Supervisor Brown
Supervisor Katz
Supervisor Kaufman
Supervisor Leno
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Clerk of the Board
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Matthew Hymel
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